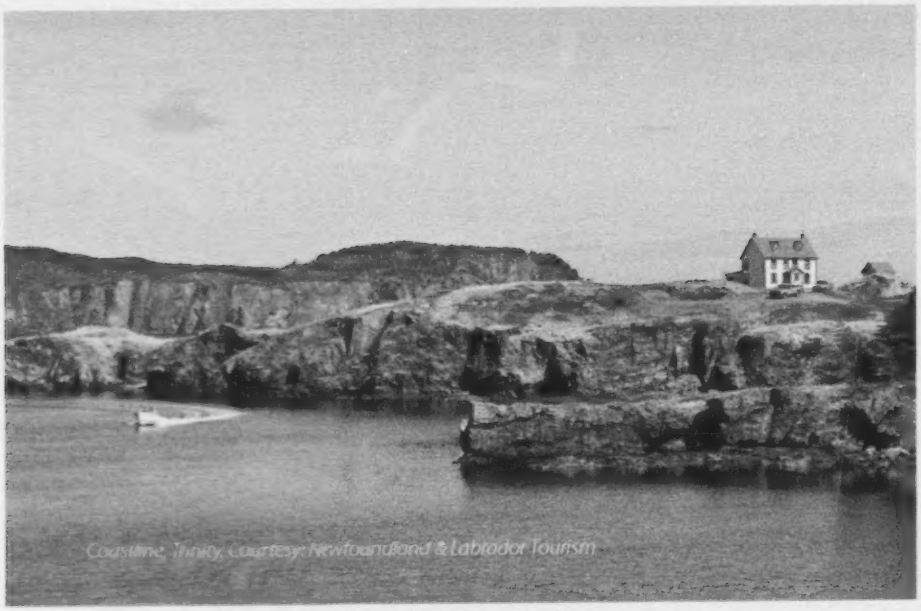
The **Economy** 2017

Newfoundland Labrador



Coastline, Trinity. Courtesy: Newfoundland & Labrador Tourism

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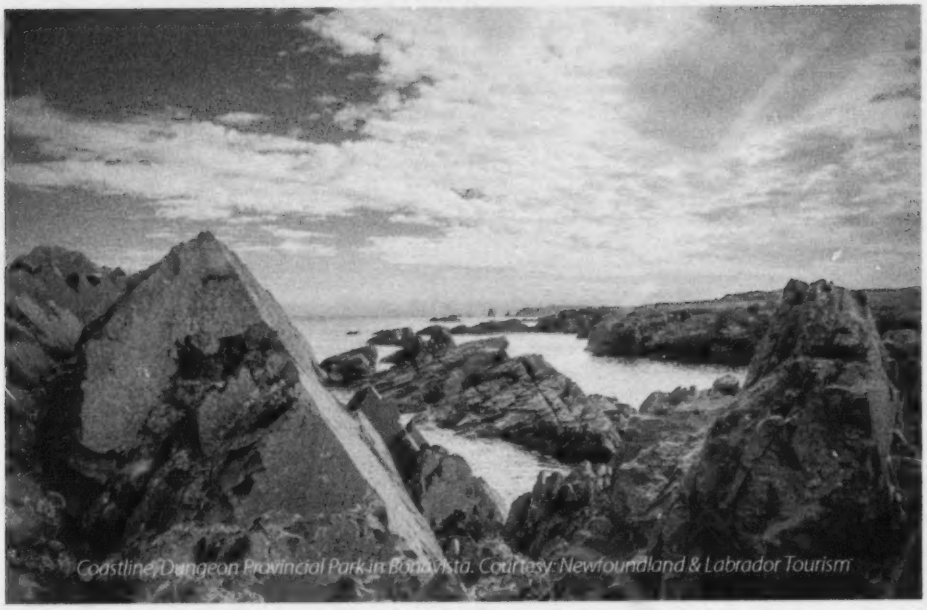
GDP and Employment by Industry

	GDP 2015p		Employment 2016	
	$ Millions	% of Total	Person Years 000s	% of Total
Goods-Producing Sector	**11,665.4**	**41.8**	**50.5**	**21.7**
Agriculture, Forestry & Logging	175.2	0.6	2.3	1.0
Fishing, Hunting & Trapping	344.2	1.2	3.1	1.3
Mining	1,307.1	4.7	3.6	1.5
Oil Extraction	3,965.6	14.2	4.3	1.8
Support Activities for Oil and Mining	710.7	2.5	2.7	1.2
Manufacturing	1,404.4	5.0	9.8	4.2
Fish Products	506.3	1.8	2.8	1.2
Other	898.1	3.2	7.0	3.0
Construction	3,141.1	11.3	21.9	9.4
Utilities	617.1	2.2	2.8	1.2
Services-Producing Sector	**16,255.6**	**58.2**	**182.1**	**78.3**
Wholesale Trade	793.0	2.8	6.5	2.8
Retail Trade	1,627.8	5.8	36.6	15.7
Transportation & Warehousing	834.8	3.0	9.7	4.2
Finance, Insurance, Real Estate & Business Support Services	4,263.5	15.3	14.8	6.4
Professional, Scientific & Technical Services	742.7	2.7	10.5	4.5
Educational Services	1,605.5	5.8	14.3	6.1
Health Care & Social Assistance	2,356.5	8.4	39.2	16.9
Information, Culture & Recreation	770.6	2.8	7.1	3.1
Accommodation & Food Services	530.5	1.9	16.0	6.9
Public Administration	2,222.5	8.0	15.3	6.6
Other Services	508.2	1.8	12.2	5.2
Total, All Industries	**27,921.0**	**100.0**	**232.6**	**100.0**

p: preliminary

Note: GDP is expressed at basic prices, measuring payments made to the owners of factor inputs in production. This differs from GDP at market prices. The difference is attributable to taxes less subsidies on products and imports. Industry components may not sum to total due to independent rounding.

Source: Statistics Canada; Department of Finance



Coastline, Dungeon Provincial Park in Bonavista. Courtesy: Newfoundland & Labrador Tourism

Highlights and Expectations

Following many years of expansion, the economy of Newfoundland and Labrador has contracted in recent years due to several factors, including major project development timelines and a decline in commodity prices. While overall economic activity will continue to be dampened by the transitioning of the economy from major project construction to production, there are positive developments occurring throughout many sectors of the economy, including offshore oil exploration, aquaculture and tourism. The section below provides some of the highlights of 2016 and expectations for 2017 for the Newfoundland and Labrador economy.

2016 Highlights

- Real gross domestic product (GDP) declined by 0.7% primarily due to lower capital investment as some major projects passed peak construction activity.
- Capital investment is estimated to have declined by 6.4% to $12.1 billion as lower spending on Hebron and the Vale nickel processing facility offset higher spending on Muskrat Falls.
- The real value of provincial exports is estimated to have increased by 4.5% due mainly to higher oil production.
- Average weekly earnings, at $1,014, were the second highest among provinces after Alberta, despite a slight year-over-year decline.
- Household income rose by 0.7% to $25.4 billion (down by 2.0% in real terms).
- The population as of July 1, 2016 was 530,128, an increase of 0.3% from one year earlier. This was the ninth consecutive year of population growth.
- Consumer spending growth was limited with the value of retail sales increasing by 0.9% (down by 1.6% in real terms).
- The number of new vehicles sold was 33,687, a year-over-year decline of 3.8%, but sales value increased by 1.4%, reflecting higher prices and a shift in sales composition.

- Consumer prices rose by 2.7%, reflecting increases in consumer taxes as well as general underlying inflation.
- Employment fell by 1.5% to average 232,600.
- The unemployment rate averaged 13.4%, an increase of 0.6 percentage points compared to the previous year.
- Oil production increased by 22.5% to 76.7 million barrels as a result of increased Hibernia output. The estimated value of production increased by 7.3% to $4.4 billion.
- On December 21, 2016, Hibernia reached a major milestone, pumping its billionth barrel of oil.
- The price of Brent crude oil averaged US$43.67/barrel in 2016, down 16.5% from an average of US$52.32/barrel in 2015. Despite the lower annual average price, Brent prices trended upward throughout the year.
- The Canada-Newfoundland and Labrador Offshore Petroleum Board accepted $758 million in exploration bids in the offshore area.
- Development of the Hebron oil project proceeded with employment of 3,756 people in the province as of December 31, 2016.
- The value of provincial manufacturing shipments decreased by 15.3% to $4.7 billion, mainly due to a drop in the value of refined petroleum products.
- The value of fish landings was high by historical standards, at $708.3 million. Volume decreased to approximately 222,700 tonnes, a 7.6% decline compared to the previous year, largely due to resource supply constraints.
- Aquaculture production increased to approximately 28,600 tonnes, up from 22,800 tonnes in 2015, and higher than the previous peak in 2013. The corresponding value of production reached over $276 million, a more than 70% increase from 2015.
- The estimated value of newsprint shipments increased by 1.1% as higher prices compensated for a small decline in volume.
- Lumber production totalled 81 million board feet, up from 73 million board feet in 2015, reflecting improved saw log availability and capital investments.
- The value of provincial mineral shipments totalled $2.9 billion, representing an increase of 3.2% from 2015. This increase was due to higher values for iron ore shipments which offset lower values for nickel shipments.
- Mining related employment (including employment associated with activities at Vale's Long Harbour nickel processing facility) averaged approximately 6,600 jobs.
- Site preparation activity occurred at the Voisey's Bay underground mine and construction continued at Long Harbour. Construction activity associated with Long Harbour remained the biggest contributor to project employment.
- Overall construction industry employment averaged 21,900, down 700 relative to 2015 and only moderately lower than the historical peak of 22,800 set in 2013.
- Construction on all components of the Muskrat Falls Project advanced significantly. Work continued in many areas of the province from Churchill Falls in Labrador to the Avalon Peninsula on the island portion of the province. Approximately two-thirds of total project construction was complete at the end of the year.
- The Strait of Belle Isle Marine Cable Crossing for the Muskrat Falls Project was substantially completed, marking the first-ever connection between Labrador and the island.
- Housing starts totalled 1,398 units, a decrease of 17.6% compared to 2015.
- The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service (MLS®) fell by 1.4% to 4,192 units, while the average MLS® residential price fell 6.5%.
- Most travel indicators point to an increase in tourism activity for the year. Non-resident automobile and cruise visitors increased, and overall air passenger numbers were higher.
- Provincial farms reported receipts of $97.3 million during the first three quarters of 2016, down 3.5% from the same period in 2015. The decrease reflected lower livestock receipts.

2017 Expectations

- Real GDP is forecast to decrease by 3.8%, reflecting declines in most major sectors.
- Capital investment is expected to decline by 7.8% to $11.1 billion as Hebron, Vale's nickel processing facility and Muskrat Falls move closer to completion. Even with the decline, overall capital investment will remain high by historical standards.
- Real exports are expected to decline by 2.4% mainly due to decreases in oil output.
- Employment is expected to average 228,300, down 1.9% from 2016.
- The unemployment rate is expected to increase by 0.5 percentage points to average 13.9%.
- Household income is expected to decline by 0.3% due to lower employment.
- Retail sales are expected to decline by 0.2% to $9.0 billion.
- Consumer prices are expected to increase by 2.9%.
- The province's population is projected to decline by 0.5% to 527,300.
- Oil production is expected to decrease by 7.8% to 70.8 million barrels with lower production at Hibernia, Terra Nova and White Rose.
- Hook-up and commissioning of the Hebron Gravity Based Structure (GBS) will continue and the GBS will be towed to the field in mid-2017, with first oil anticipated for late-2017.
- The West White Rose Extension Project will be considered for sanction in 2017.
- Statoil intends to drill two more exploration wells in the Flemish Pass Basin.
- Brent crude prices (Department of Finance forecast) are expected to average US$55.51 per barrel on a calendar year basis (US$56.00 per barrel for fiscal year 2017/18).
- The value of mineral shipments is expected to rise as iron ore production increases more than offset lower nickel production at Voisey's Bay.
- Ramp-up of Vale's nickel processing plant at Long Harbour will continue as the company moves toward nameplate capacity.
- Construction on the underground mine at Voisey's Bay will continue.
- Development of the Iron Ore Company of Canada's Wabush 3 open pit mine is expected to commence.
- Production at Canada Fluorspar Inc.'s fluorspar mine in St. Lawrence is expected to begin.
- The value of manufacturing shipments is expected to increase reflecting the ramp-up of nickel production at Long Harbour and increased capacity at the North Atlantic refinery.
- Newsprint shipments are expected to be around 245,000 tonnes, up 2.8% from 2016.
- Lumber production is anticipated to increase to approximately 83 million board feet, reflecting mill improvements and increased capacity.
- Farmers and agricultural producers will now have almost double the amount of land available to them with approximately 64,000 hectares of additional Crown land now available for agricultural production.
- Total fish landings are expected to decline relative to 2016. An anticipated rise in groundfish will be offset by declines in both pelagics and shellfish.
- Expansion of existing infrastructure and new developments should facilitate further growth in the aquaculture industry.
- Housing starts are forecast to decrease by 3.4% to 1,350 units.
- The Canadian Real Estate Association forecasts sales to rise by 0.2% and the average residential resale price to fall by 0.8%.
- Infrastructure improvements, the lower Canadian dollar and continued marketing efforts will support tourism growth.
- The Province announced a five-year, $3 billion plan for new and existing public infrastructure. Approximately $570 million is expected to be spent during fiscal year 2017/18.
- $35.7 billion in project spending is planned or underway in the province according to the *Inventory of Major Capital Projects* (see page 57).

United States Capitol. Courtesy: https://en.wikipedia.org

Global Economic Environment

According to the International Monetary Fund (IMF), world gross domestic product (GDP) growth was 3.1% in 2016, moderately lower than the 3.2% observed in 2015 and the 3.4% in 2014 (see table). Global growth has been decelerating since the most recent peak of 4.2% in 2011. The slowing growth is, to a certain extent, attributed to the deceleration in emerging market economies (EMEs), notably China.

For the past several years, growth in EMEs (particularly China) has been the main driver of global growth. During the first decade of the new millennium, China, currently the world's largest economy, recorded annual average real GDP growth of 10.5%. In contrast, China's economic growth has decelerated over the past five years, falling to 6.7% in 2016.

The slowing pace of economic growth in the EMEs, combined with oversupply, has placed downward pressure on several commodity prices, such as oil and iron ore. These prices improved in 2016, but remain low compared to recent peak levels. For example, the price of crude oil (Brent) in December 2016 was approximately 50% lower than the level recorded in June 2014. A similar story holds true for several base metals such as iron and nickel. This has negatively affected most commodity exporters, including Russia and Brazil, which experienced recessions in 2016. Although Canada is considered a commodity exporter, it has remained relatively resilient to the downturn, but not uniformly across provinces.

Monetary policies across nations are now diverging. The Federal Reserve Board in the United States increased its target interest rate (the Federal Funds Rate) by 0.25 percentage points in March 2017, following two similar increases since December 2015. On the other hand, the European Central Bank and Bank of Japan remain in full-scale stimulus mode.

Real GDP Growth (%)

	2015	2016	2017f	2018f
World	3.2	3.1	3.4	3.6
Brazil	-3.8	-3.5	0.2	1.5
India	7.6	6.6	7.2	7.7
Russia	-3.7	-0.6	1.1	1.2
China	6.9	6.7	6.5	6.0
Canada	0.9	1.4	2.0	1.9
United States	2.6	1.6	2.2	2.1
Japan	1.2	1.0	0.8	0.5
Australia	2.4	2.9	2.7	2.9
European Union	2.3	1.9	1.7	1.8
United Kingdom	2.2	1.8	1.5	1.4
Euro Area	2.0	1.7	1.6	1.6
Ireland	26.3	4.9	3.2	3.1
Germany	1.5	1.9	1.5	1.5
France	1.3	1.2	1.3	1.6
Italy	0.7	0.9	0.7	0.8
Spain	3.2	3.2	2.3	2.1
Portugal	1.5	1.0	1.1	1.2
Greece	-0.2	0.1	2.8	3.1

f: forecast
Source: Various, available upon request

The Bank of England decreased its bank rate in August 2016 while the Bank of Canada kept its bank rate unchanged throughout the past year.

Additional uncertainty looms over global trade due to rising protectionist pressures and uncertain policy shifts. The latter is demonstrated by the decision of the United Kingdom to leave the European Union (EU), while the former is demonstrated by the new U.S. administration, which has rejected the Trans-Pacific Trade agreement and pledged to re-negotiate NAFTA.

The IMF projects a 2017 growth rate in real GDP of 3.4% for the world, 1.9% for advanced economies and 4.5% for EMEs. Global growth of 3.6% is currently expected in 2018.

United States

U.S. economic growth has been steady but moderate in recent years. Real GDP increased by 1.6% in 2016, following 2.6% growth in 2015.

Consumer spending, which accounts for about two-thirds of U.S. economic activity, was the main driver of GDP growth in 2016, growing by 2.7%.

Fixed private investment increased by 0.7% in 2016 as gains in residential investment offset lower non-residential spending. Non-residential private investment decreased by 0.5%, the first annual decrease since the last recession. Investment was impacted by a slowdown in the energy sector, due to the falling price of crude oil. Unused capacity persists in the energy sector, deterring further investments. Generally speaking, investment follows the industrial capacity utilization rate, which has yet to recover from its decline in 2015.

Residential investment continued its upward trend. Housing starts increased by 5.6% in 2016 (1.2 million units). However, the number of starts remains lower than the pre-recession average, with an annual average of 1.7 million units between 2000 and 2007.

The exports sector remained challenged due to the rising value of the U.S. dollar. The trade-weighted U.S. dollar index increased substantially since the beginning of 2015, due in part to diverging monetary policies between the U.S. and several of its trading partners. Growth in real exports of goods and services increased by 0.4% in 2016.

Labour market conditions in the U.S. continued to improve in 2016. The unemployment rate further decreased, reaching 4.5% in December, one of the lowest rates since 2008. Employment increased by 1.7%, while the participation rate remained relatively unchanged. In addition to job gains, average hourly earnings in the private sector (a key catalyst for consumption growth) increased by 2.4%.

Tightening labour markets and wage gains, together with rising commodity prices, have

altered expectations on inflation. The year-over-year monthly inflation rate was 2.7% in February 2017, the highest in five years. Increasing inflation led the Federal Reserve to increase the Federal Funds Rate in March 2017, following similar increases that occurred in December 2015 and December 2016. Monetary policy is gradually moving away from stimulus mode, which began in December 2008. The Federal Funds Rate is now between 0.75% and 1.00%, or 75 basis points higher than the prevailing rate between 2008 and 2015. It is expected that the target rate will be increased gradually in the future, but the pace and timing of those increases will be dependent on economic performance. For the time being, the target rate remains low by historical standards.

The U.S. economy is expected to expand by 2.2% in 2017. Consumer spending and the housing market are expected to drive growth, buoyed by pent-up demand, job gains and increasing incomes. However, the strength of the U.S. dollar will constrain exports. Capital spending could increase once more with an improvement in commodity prices, although the recovery remains partial. Real GDP growth is expected to reach 2.1% in 2018.

United Kingdom

On June 23, 2016, the United Kingdom (UK) held a referendum with the question "Should the United Kingdom remain a member of the European Union or leave the European Union?". Contrary to expectations, "Leave" won over "Remain", with 51.9% of the vote. In the aftermath of the referendum, Prime Minister David Cameron offered his resignation and the financial markets experienced another sharp episode of turmoil. Although this heightened volatility proved to be short-lived, the underlying uncertainty remains, namely how this will affect trade between the UK and the EU, as well as other nations. A tangible consequence is the postponement of investment and hiring decisions in the area, particularly in the UK, as firms are less willing to take risks with so many unknowns. As well, the pound sterling markedly depreciated after the vote. The government has yet to release a transition plan.

Following the referendum, the Bank of England adopted a number of supportive measures in August 2016, including a cut in its Bank Rate, citing a short to medium term outlook that has deteriorated in the wake of the UK's vote to leave the EU.

Despite concerns that the referendum results would negatively impact economic activity, data covering the two quarters following the referendum reported strength rather than weakness. On an annual basis, real GDP for 2016 increased by 1.8%, with consumer spending (up 3.1%) offsetting lackluster business investments (down 1.5%).

In its January update, the IMF forecasts the UK economy to grow by 1.5% in 2017, followed by 1.4% in 2018.

Euro Area

The Euro Area consists of the 19 jurisdictions within the European Union that have adopted the euro as its currency. Collectively, the Euro Area accounted for 11.8% of global GDP in 2016, with the largest economies being those of Germany, France, Italy and Spain. While 2016 year-end results for all Euro Area jurisdictions were not released at the time of writing, overall Euro Area real GDP growth is expected to be about 1.7%. Low energy prices and improving labour markets continue to support disposable household income, and thus consumption. Net exports also contributed favourably to these results.

In 2016, Germany and France recorded increases in real GDP of 1.9% and 1.2%, respectively. Most members of the Euro Area reported or are expected to report increases in real GDP. Ireland is poised to have the highest growth rate of the area.

The European Central Bank (ECB) launched its Quantitative Easing (QE) program in early 2015 in

response to continued sluggish growth and inflation oscillating around zero. This program committed to purchase European bonds worth €60 billion per month until September 2016. The ECB later extended the plan to continue purchases to March 2017, including corporate bonds, and increased purchases to €80 billion monthly starting April 1, 2016. After March 2017, the program will continue until the end of the year at a reduced pace of €60 billion monthly, with the possibility of further extension.

In addition to its QE program, the ECB has been carrying out a negative interest rate policy since June 2014 by maintaining a negative interest rate on its overnight deposit facility. The purpose of negative interest rates and QE is to boost overall growth and increase inflation to around 2%. The ECB stated that it intends to conduct its QE policy until reaching this inflation target.

Risks to the economic outlook of the Euro Area persist. Italian banks are in the midst of a bailout as they carry a large number of non-performing loans. Italy is considered to be in a climate of political instability. A constitutional referendum held in December 2016 was rejected by the population. Also, the sovereign debt crisis in Greece, which has not been settled, could resurface—the country has yet to implement several reforms that were conditions of the agreed bailout package in 2015.

The IMF projects annual real GDP growth in the Euro Area of 1.6% for each of 2017 and 2018. The most recent ECB Survey of Professional Forecasters predicts that the unemployment rate will decrease from 10.0% in 2016 to 9.5% in 2017 and 9.2% in 2018.

China

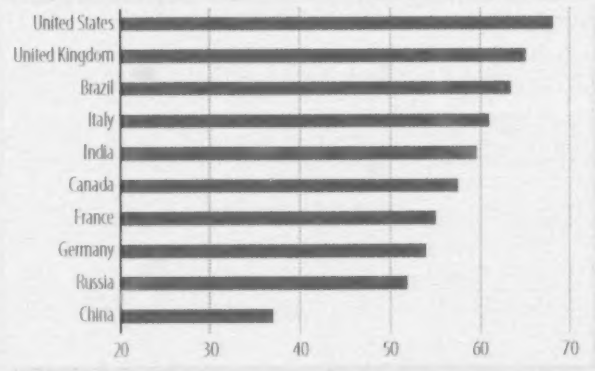
The Chinese economy expanded by 6.7% in 2016, following 6.9% growth in 2015. Although significantly lower than the annual average rate of 10.4% recorded between 1992 and 2007, such growth rates remain markedly above those recorded in advanced economies. GDP growth was aided by higher government spending and a decline in imports. While the latter may be seen as a positive for China, it is a negative for countries dependent on China for exports, particularly commodity producers.

The Chinese economy is in the midst of important structural changes, with the government committed to transitioning the drivers of growth from manufacturing and investment to services and consumption. Compared to both developed and developing countries, China's consumption as a share of GDP is unusually small (see chart).

Despite the stated restructuring goals, in recent years, the government has maintained its fiscal and monetary intervention in the economy to improve short-term performance. This could potentially slow the rate of restructuring.

The Chinese government identified several challenges to be tackled in 2016 and beyond. These include decreasing overcapacity within less efficient and highly indebted state-owned enterprises, notably in heavy industrial sectors, such as steel, cement and mining. It will also aim to reduce the excess housing inventory as supply (in terms of new units) has exceeded the demand in several regions (houses being built where the government says so, not where the demand is).

Household Final Consumption Expenditure as a Percent of GDP, 2015



Source: World Bank

The near-term performance of the Chinese economy was a major concern early in 2016, yet the year was marked by relative stability, notwithstanding strong governmental support. The IMF expects real GDP growth in China to be 6.5% in 2017 and 6.0% in 2018.

Japan

Japan is the world's fourth largest economy, accounting for 4.1% of world GDP on a purchasing power parity basis in 2016. The country has experienced a number of serious economic difficulties over the past two decades with persistently low inflation or deflation, increasingly high levels of government debt and weak private sector growth. Over the past 20 years, Japan's real GDP has increased by an annual average of only 0.7% and inflation has averaged only 0.1% per year. In addition, due to a rapidly aging population, Japan's public finances are under sustained pressure, particularly for health and long-term care expenditures, which are difficult to constrain.

In 2013, the Government of Japan launched a three-pronged approach for economic recovery through fiscal, monetary and structural policies. These policies include a large fiscal stimulus program; measures by the Bank of Japan to increase the money supply, including the introduction of quantitative and qualitative monetary easing; and structural reforms such as reducing protectionism for selected industries and reducing labour market rigidities. Thus far, these policies have had only limited success.

Real GDP increased by 1.0% in 2016, supported by exports and investments. Although the unemployment rate is at a 20-year low, evidence of wage pressure remains scant. Consequently, the inflation rate has remained either slightly negative or about zero percent in 2016, well below the Bank of Japan's 2% target rate. In January 2016, the Bank of Japan applied its first negative interest rate (-0.1%) to current accounts that financial institutions hold at the Bank, and has indicated that it will keep or reduce this rate further, if necessary.

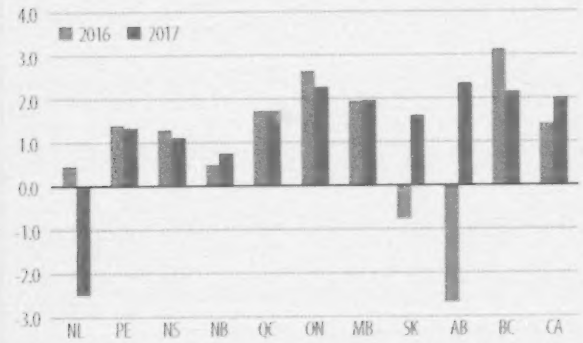
The IMF expects the growth rate of Japan's economy to continue to vary between 0% and 1%, with real GDP growth forecasted at 0.8% in 2017 and 0.5% in 2018.

Canada

During the last decade, economic growth in Canadian provinces with a large commodity sector, notably fossil fuels, surpassed the national average. Several other provinces, particularly Ontario and Québec, were left to deal with faltering manufacturing sectors, due to increasing global competition and appreciation of the Canadian dollar. The collapse of crude oil prices and consequent Canadian dollar depreciation has led to a reversal of fortunes. Alberta and Saskatchewan are estimated to have recorded negative real GDP growth in 2016 (see chart). On the other hand, British Columbia, Manitoba, Ontario and Québec are estimated to have posted growth at or above the national average. The Canadian economy grew by 1.4% in 2016. Growth was solid in the first quarter of 2016 but the second quarter recorded a decline, notably due to the wildfires around Fort McMurray and the associated interruptions in the oil industry. Activity picked up considerably in the last two quarters of 2016.

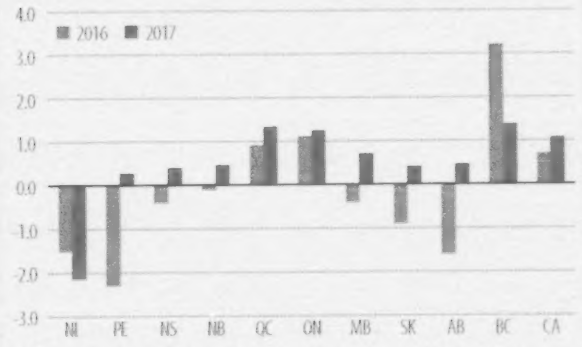
Real GDP growth in 2016 stemmed primarily from consumption as investment was constrained by lower spending in the mining and oil and gas sectors. Exports were dampened as well. Canadian retail sales increased by 3.7% in 2016. Household indebtedness has been steadily increasing since the early 1990s and reached a record high last year. Thus far, debt levels have proven to be sustainable due, in part, to a low interest rate environment. The ratio of interest payments to disposable income is currently at a historically low level. However,

GDP Growth Rates, by Province



Note: Growth rates in this chart for NL may differ from the Department of Finance forecast outlined on page 16.
Source: Statistics Canada; Average of Canadian major banks and the Conference Board of Canada

Employment Growth, by Province



Source: Statistics Canada; Average of Canadian major banks and the Conference Board of Canada

if interest rates rise, interest payments would increase and consumers may not have the freedom to increase expenditures, thus limiting the contribution of consumption to future GDP growth. In efforts to reduce risk-taking in housing markets, the Federal Government unveiled a tightening of mortgage rules in October 2016. The new rules will require new homeowners to test their ability to meet more stringent conditions such as higher interest rates (see *Real Estate*).

Capital investment in Canada declined by 3.2% in 2016. Higher residential expenditures were offset by lower non-residential investment, constrained by lower spending in mining and oil and gas sectors. The marked depreciation of the Canadian dollar in 2015 increased the cost of imported machinery and equipment, thus curtailing expenditures.

Housing starts increased by 1.2% in Canada in 2016. Performance varied by province. Increases in Québec, Ontario and British Columbia more than offset decreases in all other provinces. Growth in B.C. was particularly strong (over 33%). Elevated real estate prices have stimulated new housing activity in the Vancouver area.

The value of exports of goods declined by 0.7% in 2016 due to price declines. Real exports of goods (measured on a volume basis) increased by 0.5% for the year.

In response to a slowing economy, particularly in commodity dependent provinces, the Bank of Canada lowered the target overnight bank rate twice in 2015—by 25 basis points in January and by another 25 basis points in July—in an attempt to boost investment and stimulate economic growth. The target overnight rate has remained unchanged since then, at 0.5%.

In tandem with a modest recovery in commodity markets, the Canadian dollar appreciated in 2016, reaching approximately 75 cents US in December. This uptick follows a steady depreciation throughout 2015, when the Canadian dollar declined from around 85 cents US at the start of 2015 to around 72 cents by the end.

Labour market performance varied across Canada in 2016 (see chart). Employment grew by 0.7%, due to gains in Québec, Ontario and British Columbia. Nationally, employment gains were mainly in part-time employment, with some modest increase in full-time employment. The unemployment rate increased by 0.1 percentage points to 7.0% as a result of more people entering the labour force.

Average weekly earnings for 2016 grew by 0.5% nationally.

The latest forecast from major Canadian banks and the Conference Board of Canada expects real GDP growth in Canada to be 2.0% in 2017. Continuing low interest rates and higher federal government transfers should support consumption. According to Statistics Canada, non-residential investment in Canada for 2017 is expected to be up 0.8%. This number is only tentative and actual investments may differ. Other indicators, such as the Bank of Canada's latest Business Outlook Survey (Winter 2017) indicated that investment intentions over the next 12 months have improved in all regions and sectors, especially among exporters. The partial recovery in mineral and energy prices will increase the value of exports. The low dollar and solid U.S. demand are expected to contribute to gains in exports in 2017.

Economic growth in 2017 is expected to be broad-based across Canada with the exception of the Atlantic provinces (negative for Newfoundland and Labrador and below the national average for Maritime provinces). British Columbia, Ontario and Alberta are expected to lead in terms of real GDP growth.

Hibernia GBS. Courtesy: ExxonMobil Canada Properties

Provincial Economic Overview

The economy of Newfoundland and Labrador has transformed over the last two decades, largely due to developments in the resource sector. The development of the oil industry, combined with expansion in the mining industry, created tremendous growth in capital investment and associated employment and incomes. Currently, the province is passing the peak of development activity from several major projects, specifically the Hebron oil project, Vale's nickel processing facility and the Muskrat Falls hydroelectric project. While Muskrat Falls' construction will continue for the next couple of years, the high point of investment and employment for this project was recorded in 2016, and levels will gradually decline over the next three years. Both Hebron and the nickel processing facility are mostly completed and are now moving towards the production phase. In addition, low commodity prices have dampened short-term resource investment and contributed to the closure of some mining operations, and Government deficit reduction measures are expected to lower spending in the public sector. As such, there will continue to be a decline in economic activity in the province, as previously forecasted.

Provincial Economic Indicators

	2016e	2017f	2018f	2019f	2020f	2021f
GDP at Market Prices ($M)	29,967	30,503	31,486	32,905	33,562	34,344
% Change	-0.4	1.8	3.2	4.5	2.0	2.3
% Change, real	-0.7	-3.8	-0.2	0.3	-0.6	0.2
Final Domestic Demand[1] ($M)	36,951	36,174	34,128	33,941	33,910	33,384
% Change	-1.1	-2.1	-5.7	-0.5	-0.1	-1.6
% Change, real	-3.2	-4.1	-7.5	-2.5	-2.5	-3.6
Household Income ($M)	25,430	25,348	25,244	25,630	26,091	26,467
% Change	0.7	-0.3	-0.4	1.5	1.8	1.4
% Change, real	-2.0	-3.2	-2.8	-0.7	-1.9	-1.0
Household Disposable Income ($M)	17,217	17,153	17,107	17,387	17,717	17,987
% Change	-0.3	-0.4	-0.3	1.6	1.9	1.5
% Change, real	-2.9	-3.2	-2.6	-0.6	-1.8	-0.9
Retail Sales ($M)	8,982	8,966	8,838	8,857	9,018	9,128
% Change	0.9	-0.2	-1.4	0.2	1.8	1.2
% Change, real	-1.6	-3.0	-2.6	-1.4	0.2	-0.3
Consumer Price Index (2002=100)	132.5	136.4	139.7	142.8	148.2	151.8
% Change	2.7	2.9	2.4	2.2	3.8[2]	2.4
Capital Investment ($M)	12,050	11,116	9,018	8,850	8,371	7,575
% Change	-6.4	-7.8	-18.9	-1.9	-5.4	-9.5
% Change, real	-7.9	-9.1	-20.1	-3.6	-7.1	-10.9
Housing Starts (Units)	1,398	1,350	1,251	1,192	1,105	1,076
% Change	-17.6	-3.4	-7.3	-4.7	-7.3	-2.6
Employment (000s)	232.6	228.3	221.8	217.2	214.5	211.5
% Change	-1.5	-1.9	-2.8	-2.1	-1.2	-1.4
Labour Force (000s)	268.7	265.1	262.5	260.1	257.1	255.5
% Change	-0.8	-1.3	-1.0	-0.9	-1.2	-0.6
Unemployment Rate (%)	13.4	13.9	15.5	16.5	16.6	17.2
Population (000s)	530.1	527.3	525.0	522.1	519.4	516.3
% Change	0.3	-0.5	-0.4	-0.5	-0.5	-0.6

[1] Final domestic demand measures demand in the local economy by summing consumption, investment and government expenditures; it excludes net exports.

[2] Forecast CPI growth reflects increased electricity rates in 2020. Government has committed to rate mitigation. Budget 2017 includes a preliminary risk adjustment for this purpose, however these measures are not reflected in this forecast.

e: estimate; f: forecast, Department of Finance, March 2017.
Source: Statistics Canada; Department of Finance

In 2016, Newfoundland and Labrador's real GDP is estimated to have declined by 0.7% due primarily to lower capital investment. This offset an increase in exports. Real final domestic demand is estimated to have fallen by 3.2%.

While overall economic activity will continue to be dampened by the transitioning of the economy from major project construction to production, there are many positive developments occurring throughout the economy. 2017 will mark the 20th full year of oil production in Newfoundland and Labrador and the start of production of the fourth stand-alone oil project, Hebron. The development of the underground mine at Voisey's Bay has begun and this will significantly extend the life of the operation. Fishing exports are benefitting from the continued development of the aquaculture sector and the manufacturing industry will receive a boost from the ramping up of nickel production from Vale's processing facility in Long Harbour. Tourism continues to flourish, benefitting from new initiatives and the addition of infrastructure throughout the province.

The value of provincial exports (in real terms) increased by an estimated 4.5% last year due primarily to higher oil production. Oil production was 76.7 million barrels in 2016, an increase of 22.5% compared to 2015—this increase stemmed from higher Hibernia output. In nominal terms, the value of exports was relatively unchanged from 2015 as lower prices for oil and minerals offset oil output gains.

Capital investment totalled approximately $12.1 billion in 2016, a decrease of 6.4% compared to 2015. Lower spending on the Hebron oil project and the Vale nickel processing facility offset higher spending on the Muskrat Falls Project. Total residential spending (including renovations) was $1.3 billion for 2016, down by 9.6% compared to 2015. Expenditures declined for both renovations and new dwellings. Housing starts fell by 17.6% to 1,398 units.

Consumer spending growth was limited last year. The value of retail sales increased by 0.9% compared to 2015. The category with the greatest increase in the value of sales was Motor Vehicle and Parts Dealers, which increased by 5.9% in 2016. The number of new motor vehicles sold during 2016 was 33,687, a decline of 3.8% compared to 2015. Nonetheless, sales value increased by 1.4%, reflecting some price increases but also a shift in the composition of vehicles purchased (i.e. fewer cars and more trucks/vans/SUVs). Expenditures on services also posted growth last year. Receipts of food services and drinking places increased by 3.2% in 2016 compared to 2015.

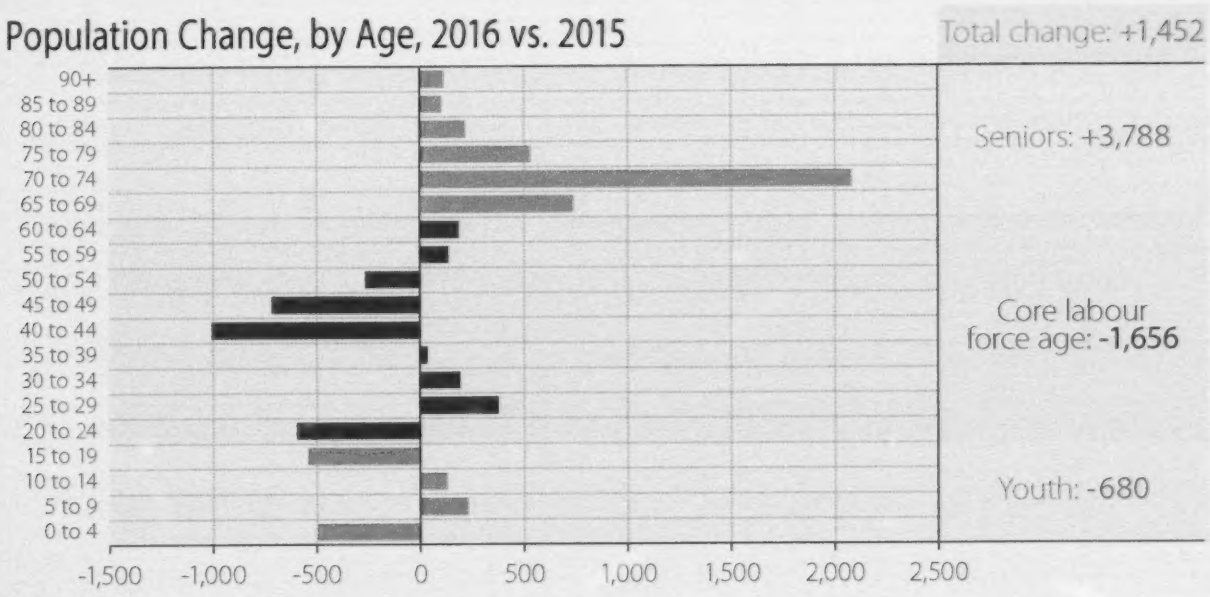
Inflation

Growth in the Consumer Price Index (CPI), or inflation, averaged 2.7% in 2016. Inflation was notably higher in the second half of 2016 as changes to several consumer taxes, effective June/July 2016, impacted the prices of some consumer goods and services. Nonetheless, lower prices were recorded for some key consumption categories. Electricity prices fell by 1.4% in 2016 due to the Rate Stabilization Plan adjustment (effective July 1, 2016) and fuel oil prices fell by 6.4% due to lower crude oil prices on average in 2016.

Population

Despite weaker economic conditions in the last couple of years, the province's population grew. As of July 1, 2016, the province's population was estimated at 530,128, an increase of 0.3% (or 1,452 persons) from July 1, 2015. This marks the ninth consecutive year of population growth following 15 years of decline. Population growth stemmed from migration—primarily international migration (see table). Total migration added 2,286 to the province's population. This was partially offset by a natural population decline of 834 as there were more deaths than births in the province. Natural

Population Change, by Age, 2016 vs. 2015



Source: Statistics Canada; Department of Finance

2016 Census Results

On February 8, 2017, Statistics Canada released the 2016 Census counts indicating that since 2011 the population of the province increased by 1.0%. This result implies a very similar increase to the gain reflected in Statistics Canada's current population estimates that are prepared on a quarterly basis.

The quarterly population estimates, prepared by Statistics Canada's Demography Division, are the "official" population estimates and are used to determine provincial entitlements from federal transfer programs such as the Canada Health Transfer. They are also used by Statistics Canada to produce survey estimates for a range of important social and economic data (e.g. Labour Force Survey).

The Census, which is conducted once every five years, is an important tool for computing the "official" population estimates. Before this can occur, several adjustments are made to the Census figures, accounting for people missed during Census enumeration, in particular.

The current 2011 to 2016 official population estimates are based on the 2011 Census. These population estimates are scheduled to be revised in September 2018 to take into account the 2016 Census results. The expectation is that the 2016 Census estimate will result in relatively minor revisions in the "official" population estimates from 2012 to 2016.

Comparison of Population Estimates & Census Counts

	Population Estimates	Census Counts
2011	525,037	514,536
2016	530,128	519,716
Actual Change	+5,091	+5,180
Percent Change	+1.0%	+1.0%

Newfoundland and Labrador Population

Previous population (July 1, 2015)	528,676
Total net migration	**2,286**
Interprovincial net-migration	271
Interprovincial in-migration	7,187
Interprovincial out-migration	6,916
Net international migration	2,015
Natural population change	**-834**
Births	4,235
Deaths	5,069
Population (July 1, 2016)	**530,128**

Source: Statistics Canada

population change has been negative for several years, reflecting the aging population and a relatively low fertility rate.

The aging trend in the province is evident when examining population growth by age group. While total population increased by 1,452 from 2015 to 2016, the increase was concentrated in the older age groups (see chart). The senior population (those aged 65 or above) in Newfoundland and Labrador increased by 3,788, offsetting a decrease of 1,656 in the core labour force population (those aged 20 to 64) and a decrease of 680 in the youth population (those aged 19 and below). The median age of the province increased from 45.0 years in 2015 to 45.3 years in 2016 and remains the highest in the country.

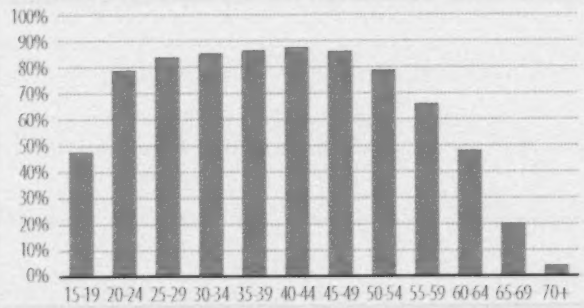
Labour Markets

Most indicators of labour market activity indicated weakness in the labour market during 2016. Both employment and average weekly earnings declined while the unemployment rate and the number of employment insurance beneficiaries increased.

Employment averaged 232,600 in 2016, a decline of 3,600, or 1.5%, compared to 2015. The decline in employment occurred in full-time positions. Full-time jobs fell by 6,800 or 3.4%. This was offset somewhat by an increase in part-time employment of 3,200 or 9.2%. The increase in part-time employment was partially due to individuals being unable to find full-time employment.

The decrease in employment coincided with a decrease in the labour force. The labour force declined by 0.8%, or 2,100, as the participation rate fell from 61.1% in 2015 to 60.5% last year. Lower

Participation Rate by Age Group, 2016



Source: Statistics Canada

Participation Rates and Aging

In the absence of structural changes within an economy, labour force participation rates tend to rise and fall in conjunction with changes in employment. As employment opportunities improve, more people enter the labour market and the participation rate increases. Conversely, as employment opportunities deteriorate, people leave the labour force and the participation rate declines. However, in the case of Newfoundland and Labrador, economic conditions have not been the only driver of changes in the participation rate in recent years. The rapidly aging population and the increasing share that retirees (i.e. population 65 plus) constitute of the labour force population (population 15 and over) is putting downward pressure on the overall average participation rate. Between first oil in 1997 and peak employment in 2013, increasing economic activity and the resulting employment growth was more than sufficient to offset the downward pressures from population aging on the participation rate. However, the positive effects of employment growth have ceased and, as a result, population aging is causing the total participation rate to decline.

participation in the labour market reflected not only fewer job opportunities but also the aging of the labour force. Because participation rates decline as people age, increasing numbers of older people places downward pressure on the overall participation rate (see chart).

The decrease in employment was greater than that of the labour force—consequently, the unemployment rate increased in 2016. The unemployment rate averaged 13.4%, an increase of 0.6 percentage points compared to 2015.

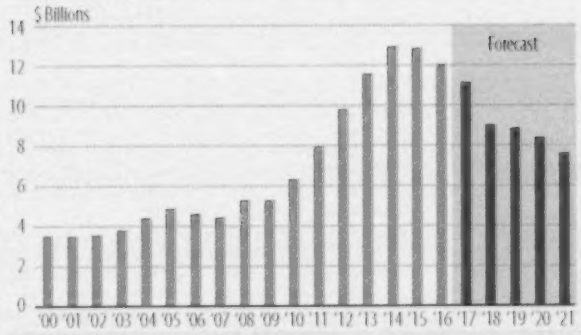
Average weekly earnings fell by 0.3% in 2016 compared to 2015 but were still the second highest among provinces after Alberta at $1,014. The decline in average weekly earnings reflected a shift in the composition of employment, as high paying construction jobs declined and lower-paying jobs in the service sector increased.

Another indication of weakening labour markets is the increase in Employment Insurance (EI) beneficiaries. After several years of decline, the average number of persons receiving regular EI benefits increased by approximately 4.2% in 2015 and a further 11.9% in 2016. While this reflects fewer employment opportunities locally, it may also be partially due to a decline in jobs available for residents who commute to work outside the province.

Outlook

A contraction in Newfoundland and Labrador's economy began in 2014 and is expected to continue for several more years. Low commodity prices have dampened short-term resource investment. In addition, private capital investment is forecast to decline due to the winding down of construction of several major projects. This decline will be partially offset by increases in public sector investment through the Provincial Government's infrastructure plan. Deficit reduction measures are expected to curtail current expenditure growth in the public sector in the future. Combined, these factors are expected to be a drag on economic growth in the province.

Capital Investment



Source: Statistics Canada, Department of Finance

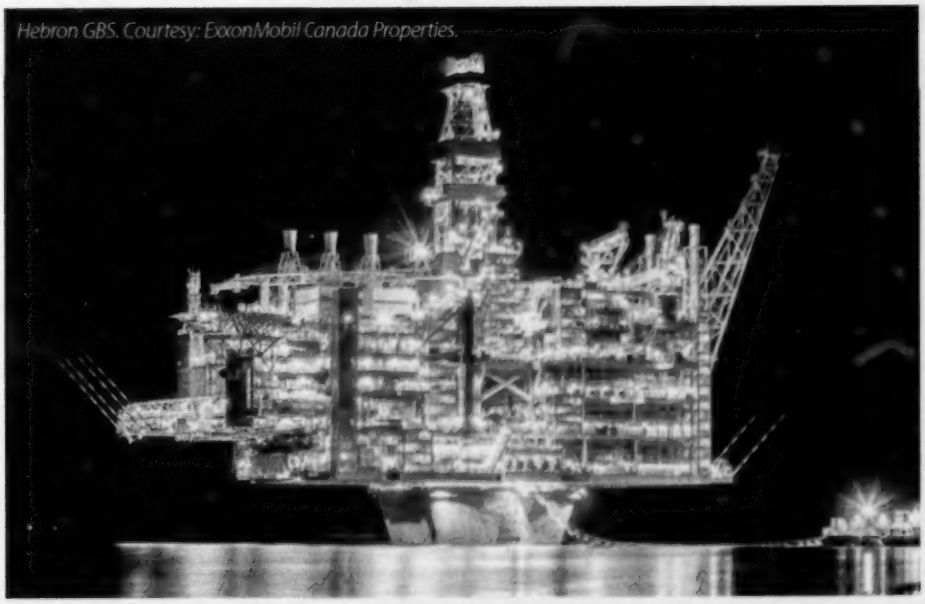
In 2017, the largest impact on the economy will come from a decline in capital investment as Hebron, Vale's nickel processing facility and Muskrat Falls move closer to completion. Capital investment is expected to decrease by 7.8% (see chart). The completion of these projects will also result in a decline in employment and income which is expected to dampen consumption growth. As well, development activity in Western Canada remains depressed and this will limit employment opportunities for Newfoundland and Labrador residents who traditionally commute to Western Canada to work. Overall, employment is expected to decline by 1.9% in 2017 and real GDP is forecast to decline by 3.8%.

Labour market indicators are expected to remain weak for several years beyond 2017 as further declines in capital investment and provincial government expenditures negatively impact employment levels. However, higher oil production is expected to somewhat offset the impact on real GDP beyond 2017.

Despite the negative outlook in the short to medium term, a number of positive developments are occurring in the provincial economy. Construction on the underground mine at Voisey's Bay will ramp up this year—this will extend the life of the mine beyond 2030. The completion of the Hebron oil project and the Long Harbour nickel processing plant will add to the long-term productive capacity

in the economy. With the beginning of oil production from Hebron (late 2017), total oil production is expected to increase in 2018 and for several years after that. Output from the nickel processing facility will significantly increase manufacturing shipments. Efforts will continue to advance the development of the West White Rose satellite field. There is significant interest in development opportunities in the aquaculture industry. This interest has the potential to double production and expand the industry into a new area of the province. Furthermore, significant capacity enhancements in transportation infrastructure, such as St. John's International Airport and the Marine Atlantic ferry; the completion of the St. John's convention centre; and the continued addition of new capacity in the accommodations sector should facilitate growth in the tourism sector.

Furthermore, there is significant long-term potential in the provincial economy, particularly in the energy sector. There are substantial oil and gas resources offshore Newfoundland and Labrador. This is evidenced by two recent resource assessments (one in the Flemish Pass and one in the West Orphan Basin). The resource assessment in the Flemish Pass indicated a resource potential of 12 billion barrels of oil and 113 trillion cubic feet of natural gas while the one in the West Orphan Basin estimated a resource potential of 25.5 billion barrels of oil and 20.6 trillion cubic feet of gas. Land sale results over the last three years show industry's confidence in the offshore potential. More definitively, Statoil has announced plans to drill two exploration wells in the Flemish Pass in 2017 and have also proposed a significant exploration drilling program (up to 10 wells over the course of a 10-year period beginning in 2018) in the Flemish Pass. In addition, both Husky and ExxonMobil are proposing long-term exploration programs for the Jeanne d'Arc and Flemish Pass areas. Husky's program could result in up to 10 exploration wells and ExxonMobil's could be up to 35 exploration and delineation wells. These programs demonstrate considerable commitment to the area. Exploration and development hold significant opportunities for future growth in oil production, and by extension the provincial economy.



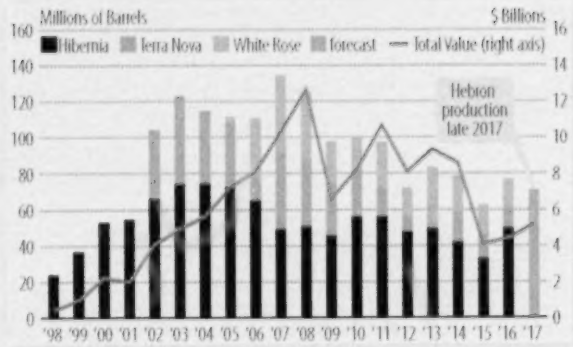
Hebron GBS. Courtesy: ExxonMobil Canada Properties.

Oil and Gas

The oil and gas industry (including support activities) is the largest contributor to GDP in Newfoundland and Labrador. It is estimated that the industry accounted for 16.7% of the province's nominal GDP in 2015. Annual average employment in the industry in 2016 was approximately 7,000 person years (or 3.0% of total provincial employment).

Crude oil production increased by 22.5% in 2016 to 76.7 million barrels (mmbbls) from 62.7 million barrels in 2015, as a result of increased extraction from Hibernia (see chart). The estimated value of production increased by 7.3% to $4.4 billion as higher production volumes more than offset a decline in annual average crude oil prices. The price of Brent crude oil, a benchmark for Newfoundland and Labrador oil, averaged US$43.67/barrel in 2016, down 16.5% from an average of US$52.32/barrel in 2015. Despite recording a lower annual average price in 2016, Brent prices have been trending upward since January 2016 (see chart on next page). As of March 17, 2017, Brent prices stood at US$50.58/barrel.

Offshore Oil Production



f: forecast

Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Department of Finance

Hibernia

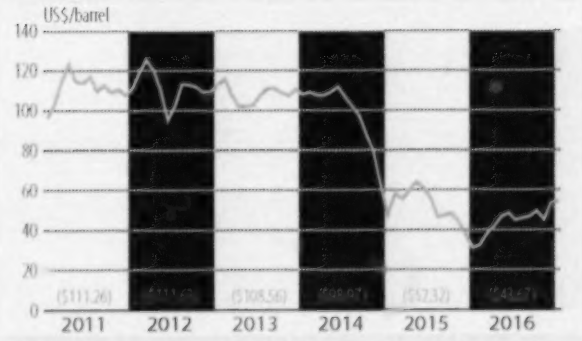
Hibernia, located in the Jeanne d'Arc Basin approximately 315 kilometres (km) southeast of St. John's, was the first offshore oil project to be developed in Newfoundland and Labrador. Hibernia was developed using a stand-alone Gravity Based Structure (GBS) and produced its first oil in November 1997.

On December 21, 2016, the Hibernia project reached a major milestone, pumping its billionth barrel of crude oil. The success of the project is particularly impressive given that when Hibernia was initially proposed for development the project proponents estimated that Hibernia contained approximately 520 million barrels of recoverable oil with field depletion expected to occur within the 2015-2017 timeframe. Since then, Hibernia production has expanded into two satellite areas south of the main field: the AA Blocks and the HSE Unit, which together make up the Hibernia South Extension. It is currently estimated that the Hibernia project contains 1,644 mmbbls of recoverable reserves and the project is expected to continue producing until at least 2040. The Hibernia platform drilling rig underwent a major refurbishment in 2016 allowing utilization for the longer-term field life established with the reserve upgrade. The drill rig is currently operational and is drilling infill development wells in the Hibernia field. The Seadrill semi-submersible *West Aquarius* rig is finishing its contract term with the Hibernia Management and Development Company Ltd. in April 2017.

Hibernia's total production increased by 50.7% (16.7 mmbbls) in 2016 to 49.8 million barrels. This increase was entirely due to higher production from the HSE Unit which increased from 1.7 million barrels in 2015 to 19.1 in 2016. The province, through Nalcor Energy, has a 10% equity stake in the HSE Unit. Production from the main Hibernia field and AA Blocks declined marginally in 2016 to 28.3 million barrels (down 0.4 mmbbls) and 2.3 million barrels (down 0.3 mmbbls), respectively. Cumulative production at Hibernia, since first oil to December 31, 2016, was 1,002 million barrels (61% of reserves), worth an estimated $68.1 billion.

As of December 31, 2016, there were a total of 1,939 people working in the province on the Hibernia project, of which 1,656 (85.4%) were Newfoundland and Labrador residents.

Brent Crude Oil Prices, Monthly



Source: U.S. Energy Information Administration

Terra Nova

The Terra Nova field, located just southeast of the Hibernia field in the Jeanne d'Arc Basin, was the second offshore oil discovery in the province to reach production. The field was developed using a floating production, storage and offloading vessel (*Terra Nova FPSO*) and produced its first oil in January 2002. The current estimate for Terra Nova reserves is 506 million barrels in comparison to 400 million barrels when the project was first proposed for development.

Terra Nova produced 12.1 mmbbls of oil in 2016, a decrease of 1.0 mmbbls (7.8%) compared to 2015. Production was constrained in the first half of 2016 by operational issues but production rates rebounded in July and August and have remained relatively steady since that time. Cumulative production from Terra Nova, since first oil to December 31, 2016, was 391 mmbbls (77% of reserves) with an estimated value of $27.4 billion.

In October 2016, Suncor signed a 15-month $119 million contract with Transocean to utilize the deepwater semisubmersible drill rig *Transocean Barents* at the Terra Nova field. The drill rig will be used for both maintenance work and infield drilling operations, which could increase recoverable reserves and extend the life of the Terra Nova field. Work is expected to begin in the third quarter of 2017.

As of December 31, 2016, there were 749 people working in the province on the Terra Nova project, of which 695 (92.8%) were Newfoundland and Labrador residents.

White Rose (including North Amethyst)

The White Rose project is the province's most recent offshore oil development to be brought into production and is also located in the Jeanne d'Arc Basin. The project was developed using the *SeaRose FPSO* and first oil was produced in November 2005. Since its initial discovery, White Rose has expanded to include several satellite areas (North Amethyst, South White Rose Extension and West White Rose). When initially proposed for development, the project proponents estimated that the White Rose project contained 230 million barrels. The current estimated reserves for the entire White Rose project (including North Amethyst and expansions) are 479 million barrels.

The West White Rose satellite field has not yet been fully developed; however, Husky remains committed to the project. A fixed wellhead platform, one of the two development concepts being assessed, received government and regulatory approvals in 2015. A sub-sea development concept is also being evaluated. The project will be considered for sanction in 2017. West White Rose began production as a pilot program in September 2011. Currently, production from the West White Rose producer wells is continuing pending a decision on the development concept.

In early February, Husky Energy made its first sale of crude oil from offshore Newfoundland and Labrador to China. A company spokesperson indicated that favourable freight rates made the sale of oil from the White Rose field economically attractive.

White Rose and its satellite areas produced 14.9 million barrels in 2016, down 10.0% (1.7 mmbbls) from 2015. Cumulative production from White Rose and its satellites since first oil to December 31, 2016 was 269.4 million barrels (56% of reserves) with an estimated value of $23.7 billion.

As of December 31, 2016, there were a total of 1,361 people working in the province on the White Rose Project (including White Rose, North Amethyst and West White Rose), of which 1,244 (91.4%) were Newfoundland and Labrador residents.

Hebron

The Hebron oil field, located in the Jeanne d'Arc Basin, is estimated to contain over 700 million barrels of recoverable oil. The Hebron development received official sanction on December 31, 2012, becoming the province's fourth stand-alone offshore oil project. Hebron will utilize a GBS similar to, but on a smaller scale than, Hibernia. The Hebron GBS is designed for an oil production rate of 150,000 barrels per day with a 30-year lifespan. The total capital cost for the project is estimated at more than $14 billion.

Construction of the foundation of the Hebron GBS began in the dry dock at Bull Arm in October 2012. The GBS was floated to the deep water site in July 2014 for continued construction. The topsides of the GBS consist of the following six components: the drilling support module; the derrick equipment set; the utilities process module; the flare boom; the helideck and life-boat stations; and the accommodations module. Four of these components were produced in the province at several locations including Bull Arm; Port aux Basques; Marystown; and Mount Pearl, while the derrick equipment set and the utilities process module were fabricated in South Korea.

The last component to be delivered to the Bull Arm site, the utilities process module, arrived from South Korea in September 2016. Integration of the topsides components and mating onto the GBS was completed in December 2016. Hook up and commissioning is underway and will continue until

the platform is towed to the Hebron field in mid-2017. First oil is expected in late 2017.

As of December 31, 2016, there were 3,756 people working on the Hebron project in the province, of which 3,419 (91.0%) were Newfoundland and Labrador residents.

Exploration

Offshore

Over the past four years there have been several oil discoveries in the deepwater Flemish Pass Basin. In 2013, Statoil announced the Harpoon discovery (whose resource potential has yet to be fully assessed) and the Bay du Nord discovery (estimated to contain between 300 and 600 mmbbls of recoverable oil). Both these discoveries are in close proximity (see map) to the 2009 Mizzen discovery (estimated to contain 102 mmbbls of recoverable oil). Statoil holds a 65% interest in the Mizzen, Harpoon and Bay du Nord fields, while Husky Energy holds the remaining 35% interest.

In June 2016, Statoil announced the results of a recently completed 19-month drilling program in the Flemish Pass Basin. Nine wells were drilled including three appraisal wells on the Bay du Nord discovery, four exploration wells in close vicinity of Bay du Nord and two exploration wells in other areas of the Flemish Pass. Statoil confirmed its initial 300 to 600 million barrel estimate for Bay du Nord but noted that it is potentially towards the lower end of that range. The drilling program also resulted in two additional oil discoveries (Bay de Verde and Baccalieu) with resource estimates yet to be determined. Statoil noted that the Flemish Pass is still a frontier area, where only 17 wells have been drilled in the entire 30,000 km^2 basin and that the basin remains a core exploration area for the company. Statoil recently announced that it plans to drill two more exploration wells in mid-2017 in the area of the Bay du Nord discovery. The Seadrill *West Aquarius* semi-submersible drilling rig will be utilized by Statoil to conduct this campaign.

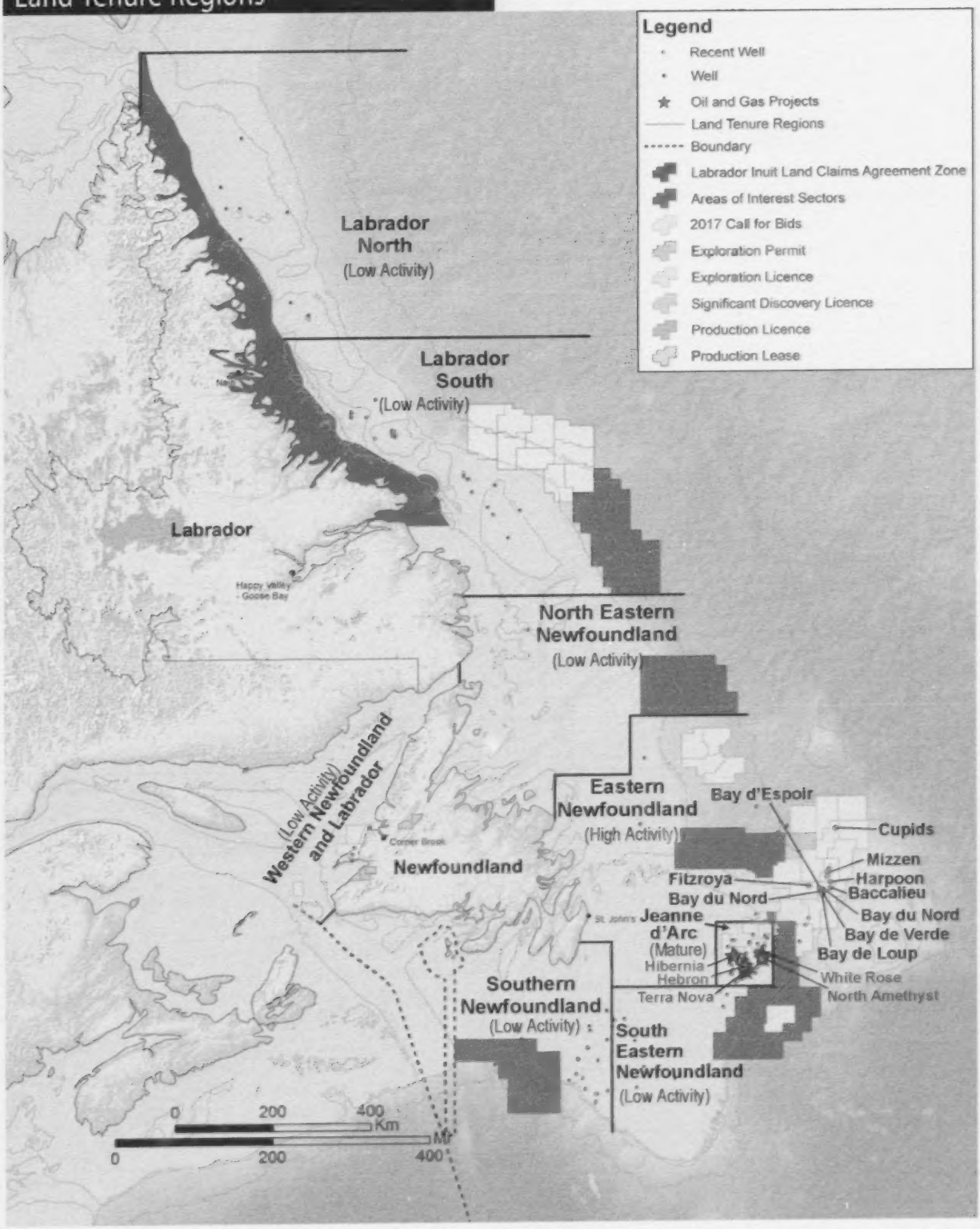
In August 2016, Statoil provided a project description to the Canadian Environmental Assessment Agency (CEAA), for another proposed exploration drilling program in the Flemish Pass Basin. This proposed drilling program would include current and potential future licences held by Statoil and its partners in the area. Statoil estimates that up to 10 wells could be drilled over the course of a 10-year period beginning in 2018.

Statoil recently sold its oil sands assets in northern Alberta. At the time of the announcement of the sale, Statoil indicated that this transaction corresponds with its strategy of portfolio optimization to enhance financial flexibility and focus capital on core activities globally, including offshore Newfoundland, Canada.

In September 2016, Husky Oil Operations Limited provided a project description to the CEAA for a proposed exploration drilling program in the Jeanne d'Arc Basin and the Flemish Pass. The project includes up to 10 wells to be drilled at any time between 2018 and 2026.

Also in September 2016, ExxonMobil Canada Ltd. and its co-venturers provided a project description to the CEAA for a proposed program of exploration drilling and associated activities in the Jeanne d'Arc and Flemish Pass regions. This proposal includes plans for a number of exploration activities including the drilling of up to 35 wells (exploration and delineation) between 2018 and 2030.

Land Tenure Regions



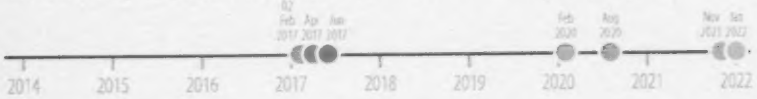
Note: This map is for illustrative and reference purposes only. The C-NLOPB makes no claims and no warranties expressed or implied concerning the accuracy or validity of the information provided. For legal descriptions of licences, please visit www.cnlopb.ca

Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Department of Natural Resources

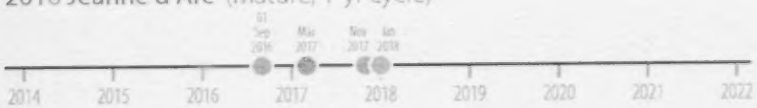
Active Land Call Rounds Timeline

- Call for Nominations (AOI) Open
- Call for Nominations (AOI) Close
- Sector Identification
- Call for Nominations (Parcels) Open for Six Weeks
- Call for Bids Open
- Call for Bids Close
- Issuance of Licences

2017 South Eastern Newfoundland (Low Activity, 4-yr cycle)

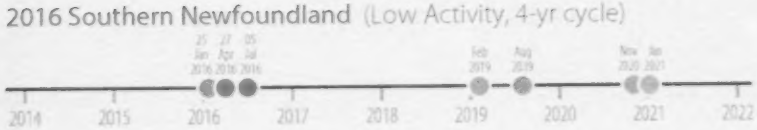


2016 Jeanne d'Arc (Mature, 1-yr cycle)

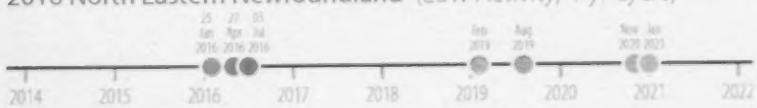


2016 Eastern Newfoundland (High Activity, 2-yr cycle)

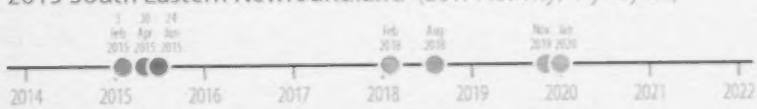
2016 Southern Newfoundland (Low Activity, 4-yr cycle)



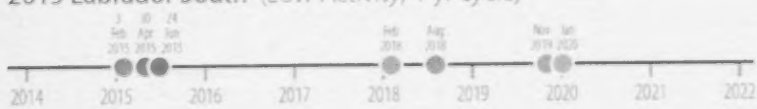
2016 North Eastern Newfoundland (Low Activity, 4-yr cycle)



2015 South Eastern Newfoundland (Low Activity, 4-yr cycle)



2015 Labrador South (Low Activity, 4-yr cycle)



2013 Labrador South (Low Activity, 4-yr cycle)

Onshore and West Coast Newfoundland

Recent developments in oil and gas exploration on the province's west coast include:

- On May 31, 2016, the Province received the final report from the independent panel on hydraulic fracturing within the province. The Department of Natural Resources has assembled a team to review the information and recommendations in the report. In the meantime, the Province's current policy of not accepting applications for hydraulic fracturing will remain in place.
- Black Spruce Exploration (BSE) applied to the Department of Natural Resources for approval to drill an onshore-to-offshore well in the Lark Harbour area. BSE's application is currently under review by the Department of Natural Resources and other government agencies.
- In October 2016, Enegi Oil Plc announced that it had entered into an agreement with PVF Energy Services Inc., a local consortium of oil and gas engineering service and equipment providers, to continue to maintain its production lease at Garden Hill South.
- On January 15, 2017, Corridor Resources received a new four-year term exploration licence over the Old Harry prospect (EL-1153) from the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) in exchange for the surrender of EL-1105. A controlled source electromagnetic survey is planned for the area in the fall of 2017, subject to regulatory approvals and vessel availability. Corridor Resources intends to purchase a user licence for this survey data as it becomes available.
- Investcan Energy Corp. has proceeded with abandonment of their eight onshore wells in the Bay St. George Basin on the province's west coast.

Offshore Oil Exploration Initiatives

In December 2013, the C-NLOPB announced a new scheduled land tenure system. The new system allows longer lead times for exploration companies to conduct geoscientific assessments of the hydrocarbon prospectivity in the lesser explored basins of the Newfoundland and Labrador offshore area, thereby encouraging exploration in frontier areas and fostering a more competitive environment. In addition, the system follows a set schedule for companies to nominate and bid on land parcels for exploration, and improves transparency and predictability. A set land sale schedule, in combination with longer lead times to acquire and analyze data, positions the province to compete with the leading exploration jurisdictions throughout the world. Acquiring geoscience data ahead of licensing rounds is a pillar of the new scheduled land tenure system. The Department of Natural Resources and Nalcor continue to collaborate and invest in data acquisition including satellite seeps, multi-client 2D and 3D broadband seismic, resistivity data, piston core samples and other geoscience data. This data is then used as input to carry out independent resource assessments of Call for Bids (Parcels) ahead of the closing of the bidding round. The data collected is also available for licensing by industry. Geoscience acquisition activity (seismic, gravity, electromagnetic resistivity and seabed sampling) was robust in the Newfoundland and Labrador offshore area in 2016 despite a reduction in global exploration expenditures.

Independent Oil and Gas Resource Assessments

On August 24, 2016, the Province released the results of an independent oil and gas resource assessment of the nine parcels on offer in the West Orphan Basin within the area of the C-NLOPB's 2016 Eastern Newfoundland Region Call for Bids. The assessment identified an unrisked in-place resource potential of 25.5 billion barrels of oil and 20.6 trillion cubic feet of gas over the 2.0 million hectare area. This assessment area covers approximately 2% of Newfoundland and Labrador's total offshore area. This marks the second time that the Province has commissioned and released the results of independent resource assessments over the pertinent areas prior to bid closing dates. On October 1, 2015, it was announced that the unrisked in-place resource potential for the area covering the 11 parcels offered in the Flemish Pass in the 2015 Call for Bids is 12 billion barrels of oil and 113 trillion cubic feet of gas. Future licence rounds scheduled through 2020 will follow the same process with resource assessment results released prior to the closing of the Call for Bids. This will provide the industry with independent scientifically based data with respect to the oil and gas potential of the blocks on offer and, over time, will ensure a full evaluation of all the province's offshore basins.

Calls for Nominations and Bids

On September 1, 2016, the C-NLOPB issued a Call for Nominations (Parcels) in the Jeanne d'Arc Region (one-year cycle) and a Call for Nominations (Areas of Interest) in the Eastern Newfoundland Region (two-year cycle). A timeline chart for these activities is on page 27. The Call for Nominations (Parcels) in the Jeanne d'Arc Region will assist the C-NLOPB in selecting parcels to be included in the subsequent Call for Bids scheduled for March 2017. The Call for Nominations (Areas of Interest) in the Eastern Newfoundland Region assisted the C-NLOPB in selecting a sector for introduction into the region, announced early this year. On February 28, 2017, the C-NLOPB announced the 2017 Eastern Newfoundland Sector Identification. In total, two sectors were identified that will be sub-divided into parcels to be made available for licensing in a 2018 Call for Bids.

On November 9, 2016, the C-NLOPB announced the results of the 2016 Call for Bids which saw three new players enter the provincial offshore industry:

Hess Canada Oil and Gas ULC; Noble Energy Canada LLC; and the Delek Group (Navitas Petroleum Ltd. and DKL Investments Ltd.). Of the 16 land parcels up for bids, eight parcels were awarded with overall work commitments totaling $758 million for exploration rights to 1.5 million hectares. Six parcels were awarded in the Eastern Newfoundland Region consisting of four parcels in the West Orphan Basin ($461.6 million for 881,081 hectares); and two in the Flemish Pass Basin ($52.4 million for 433,827 hectares) which were previously offered but went unawarded in the 2015 Call for Bids. In the Jeanne d'Arc Region, two parcels were awarded with work commitments of $244 million for 211,574 hectares.

On November 29, 2016, the C-NLOPB issued a Call for Bids for 10 parcels in the Labrador South Region. Bids are scheduled to close on November 8, 2017. It is expected that a resource assessment for the area up for bids will be released prior to the bids close.

On February 2, 2017, the C-NLOPB issued a Call for Nominations (Areas of Interest) in the South Eastern Newfoundland Region (four-year cycle). This Call will assist the C-NLOPB in selecting a sector for introduction into the scheduled land tenure system to be identified in June 2017.

Considerable offshore exploration activity continues in the Newfoundland and Labrador offshore area. There are currently $3.0 billion in outstanding work commitment bids.

2017 **OUTLOOK**

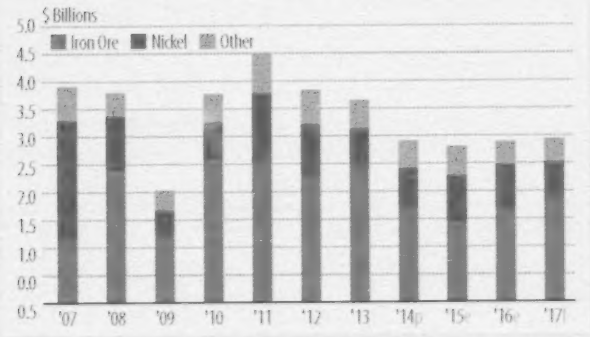
- 2017 will mark the 20th full year of oil production in Newfoundland and Labrador.
- Oil production is expected to decrease 7.8% to 70.8 million barrels with lower production at Hibernia, Terra Nova and White Rose.
- Hook-up and commissioning of the Hebron GBS will continue and the GBS will be towed to the field in mid-2017. Once the Hebron GBS is positioned onsite and commissioned, the Hebron GBS platform rig will begin infield drilling activity. First oil is expected prior to the end of 2017.
- Both the *Terra Nova FPSO* and the *SeaRose FPSO* have scheduled 3-week maintenance shutdowns for the third quarter.
- The West White Rose Extension Project will be considered for sanction in 2017.
- Statoil intends to drill two more exploration wells in the Flemish Pass Basin.
- Brent crude prices (Department of Finance forecast) are expected to average US$55.51 per barrel on a calendar year basis (US$56.00 per barrel for fiscal year 2017/18).
- Long-term exploration programs submitted by Statoil, Husky and ExxonMobil for the Jeanne d'Arc and Flemish Pass areas bode well for the future of the oil industry in the province.

St. Lawrence Fluorspar Project. Courtesy: Canada Fluorspar Inc.

Mining

The value of provincial mineral shipments totalled $2.9 billion in 2016, representing an increase of 3.2% from 2015 (see chart). This increase was due to higher iron ore shipment value, which offset lower nickel shipment value. Total mining related employment (including employment associated with activities at Vale's Long Harbour nickel processing facility) averaged approximately 6,600 in 2016.

Value of Mineral Shipments



p: preliminary; e: estimate; f: forecast
Source: Department of Natural Resources; Natural Resources Canada

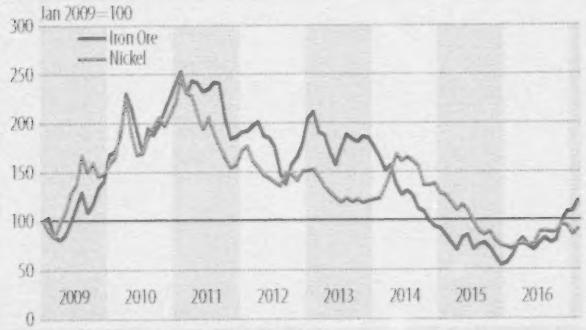
Market Conditions

Market conditions in 2016 remained challenging for the Newfoundland and Labrador mining industry, reflecting supply/demand imbalances in global commodity markets. However, strong price growth in the latter half of the year provided some relief for the industry.

Since 2013, slowing demand growth for iron ore in China, coupled with continued production increases by a number of key iron ore producers caused iron ore prices to decline substantially (see chart). At the beginning of 2016, prices were at a low of US$40/tonne. However, a rally which has continued into 2017 has since pushed prices to around US$90/tonne. Overall, in 2016, iron ore prices averaged US$58/tonne, up 5.1% from 2015.

Nickel prices also rose over the course of 2016, but the average price for the year (US$4.36/lb) remained below the 2015 average price. As of early March, nickel prices were around US$5/lb.

Mineral Price Indices



Note: Price indices based on U.S. dollar prices
Source: Bloomberg

Iron Ore Company of Canada

The Iron Ore Company of Canada (IOC), located near Labrador City, is the province's oldest operating mine. The mine currently employs approximately 1,750 people and plays a key role in the economy of Western Labrador.

From 2011 to 2014, IOC undertook a $2 billion concentrate expansion program, which increased its rated capacity to 23 million tonnes. However, the operation fell short of its target production of 21 million tonnes in 2016. Lower than planned production stemmed primarily from depletion of ore from the pit and equipment problems which resulted in a 15-day disruption in November. Total concentrate production in 2016 was 19.2 million tonnes, from which 9.8 million tonnes of pellets and 8.4 million tonnes of concentrate were produced.

On February 23, 2017, IOC announced that it would proceed with the Wabush 3 project. The project will consist of an open pit containing 744 million tonnes of iron ore; an overburden storage area; a waste rock disposal pile; haulage roads; a pole line; a groundwater extraction system; and a mine water collection, treatment and disposal system. Construction is expected to start in the second quarter of 2017 and first ore from Wabush 3 is expected in the second half of 2018. The new open pit mine will allow flexibility in providing iron ore feed to the existing concentrator plant to achieve and maintain production of iron concentrate at the mill's rated capacity. It will also provide a new source of iron ore to extend the life of the operation. The total cost of the project is estimated at $79 million.

Increasing production to the rated capacity is a major focus for the company. Most of IOC's costs are fixed and increasing production allows the company to reduce its production costs on a per tonne basis.

Tata Steel Minerals Canada

Tata Steel Minerals Canada's (TSMC) Direct Shipping Ore (DSO) project, which straddles the Québec-Labrador border, is a joint-venture owned by Tata Steel, Ressources Québec and New Millennium Iron Corp. TSMC has deposits in both Labrador and Québec. The first load of iron ore from the project was shipped in September 2013. All shipments during 2016 were sourced from the Newfoundland and Labrador portion of the project.

Weak iron ore markets over the last several years negatively impacted TSMC's operations. As such, the company has determined that it is not economically feasible to operate during the winter months and announced in January 2016 that it was temporarily halting winter operations. Operations resumed in June and again halted for the winter in October 2016. The project generated employment of approximately 150 person years in the province in 2016.

Vale

The value of nickel shipped by Vale Newfoundland and Labrador (VNL) decreased by 5.4% in 2016 as a result of lower production volume. Employment for all aspects of the Voisey's Bay project, including mining operations and Long Harbour operation and development, averaged about 3,400 persons in 2016. Approximately 450 people were employed at the Voisey's Bay mine site and operational employment (including contractors) at Long Harbour was about 800. Construction activity associated with

Long Harbour remained the biggest contributor to project employment in 2016.

First nickel production at VNL's Long Harbour nickel processing facility was achieved in July 2014 using imported nickel matte. Voisey's Bay concentrate was introduced in May 2015, and as of January 2016, the plant has been operating on 100% Voisey's Bay high grade concentrate. Construction was completed late 2016 that allows the plant to process all grades of nickel concentrate from Voisey's Bay, including both high and middling grades. VNL estimates a two year ramp-up schedule to reach full plant capacity.

In July 2015, Vale sanctioned the development of the Reid Brook and Eastern Deeps underground mine at Voisey's Bay. Site preparation has begun and construction is expected to begin this year. Once completed, the underground mine is expected to produce about 40,000 tonnes of nickel concentrate that will be processed into finished nickel at the Long Harbour processing plant. Access to the underground ore is expected to extend the life of the mine beyond 2030 and operational employment is expected to increase from its current level of 450 to approximately 850 when development is complete.

Other Mines

Rambler Metals and Mining Canada Ltd. (RMM) extracts and processes ore from its copper-gold Ming Mine on the Baie Verte Peninsula. RMM commenced commercial production in November 2012. The company shipped 4,174 tonnes of copper and 6,132 ounces of gold in 2016.

RMM is transitioning from its Ming Mine to a lower grade ore from the Lower Footwall Zone (LFZ) located 100 metres below the Ming Mine. This transition will enable the project to reach a full production capacity of 1,250 metric tonnes of ore per day and increase the mine life to 21 years. First production from the LFZ was achieved in 2016 and the company expects to reach full production levels by the end 2017. The mine currently employs around 180 people.

Anaconda Mining Inc. began gold production in 2008 at its Point Rousse Project near Baie Verte. The project shipped approximately 14,800 ounces of gold in 2016 and Anaconda has registered the expansion of the West Pit of its newly developed Stog'er Tight deposit for environmental assessment. The company continues to work on exploring and delineating other deposits in the area to extend the life of the project. The operation currently employs around 100 people.

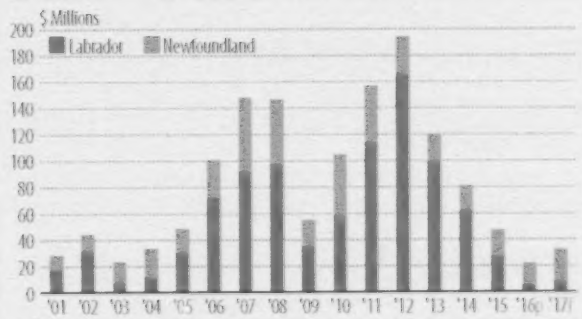
The province's stone, sand and gravel producers shipped approximately 10.4 million metric tonnes valued at $45.3 million and generated around 550 person years of employment in 2016.

Exploration and Development

Mineral exploration and development activity remained depressed in 2016 due to weak markets and a difficult investment climate. Exploration expenditures fell to $22 million from $47 million in 2015 (see chart).

Exploration activities continued throughout many regions of Newfoundland and Labrador, albeit at a reduced rate compared to previous years. Companies such as RMM and Anaconda undertook exploration at or near their current operations in

Mineral Exploration Expenditures



p: preliminary; f: forecast
Source: Department of Natural Resources

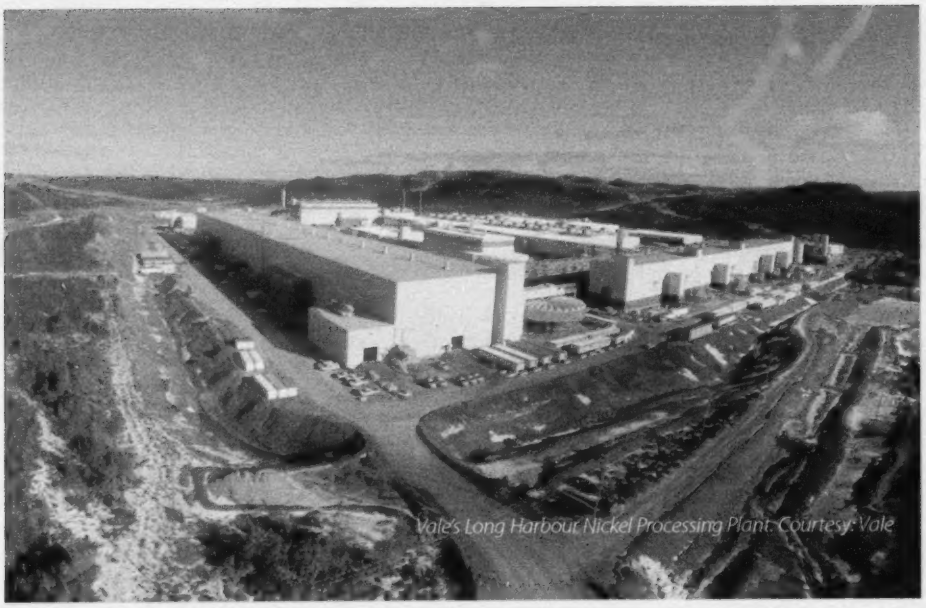
an attempt to identify new resources and extend the lives of the mines. In addition, many junior companies explored for a wide range of minerals including gold, base metals, nickel, potash and salt.

Alderon Iron Ore Corp. indefinitely deferred the development of its Kami iron ore project in 2014 due to declining iron ore prices and difficulties in securing financing. However, the company recently announced that it is planning to reboot the project. The company has not yet released a project schedule, as it is still in the process of conducting detailed engineering and securing the necessary financing.

Canada Fluorspar Inc. (CFI) is developing an open pit fluorspar mine located in St. Lawrence. In early 2016, CFI began preliminary site preparation at the proposed mine site. CFI anticipates that mining operations will start by the end of 2017 and the project is expected to create upwards of 200 full-time jobs per year.

2017 OUTLOOK

- The value of mineral shipments is expected to rise as production increases at IOC and Tata more than offset lower nickel production at Voisey's Bay.
  - Iron ore prices have continued to rise thus far in 2017 and as of early March were around US$90/tonne.
  - Nickel prices have fluctuated in the first two months of 2017, declining in January before rising in February. As of early March, nickel prices were around US$5/lb.
- Ramp-up of Vale's nickel processing plant at Long Harbour will continue as the company moves toward nameplate capacity (2019).
- Construction on the underground mine at Voisey's Bay will continue throughout 2017. Access to the underground ore is expected to extend the life of the mine beyond 2030.
- Development of IOC's Wabush 3 open pit mine is expected to begin in 2017. First ore from the deposit is expected in 2018.
- Production at CFI's fluorspar mine is expected to begin this year.
- Exploration expenditures are expected to increase to about $33 million.

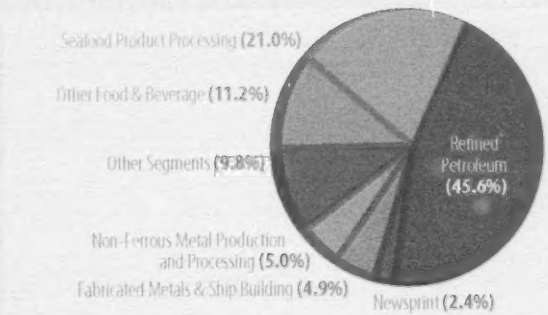


Vale's Long Harbour Nickel Processing Plant. Courtesy: Vale

Manufacturing

The Newfoundland and Labrador manufacturing industry produces a wide variety of products, but the majority of manufacturing output is concentrated in refined petroleum, food processing (primarily seafood), fabricated metal manufacturing, non-ferrous metal production and processing, and newsprint (see chart). The industry represented 5.0% of provincial nominal GDP in 2015 and 4.2% of provincial employment in 2016. The U.S. remains the largest export market for Newfoundland and Labrador manufacturers, representing 67.9% of total international exports last year.

Value of Manufacturing Production, 2016


Seafood Product Processing (21.0%)
Other Food & Beverage (11.2%)
Other Segments (9.8%)
Non-Ferrous Metal Production and Processing (5.0%)
Fabricated Metals & Ship Building (4.9%)
Newsprint (2.4%)
Refined Petroleum (45.6%)

Source: Department of Finance

The value of manufacturing shipments totalled $4.7 billion in 2016, representing a decrease of 15.3% compared to 2015 (see chart). This decline was mainly due to a drop in the value of refined petroleum products.

Employment in the manufacturing industry averaged approximately 9,800 person years in 2016—down 14.0% from 2015. Losses in employment were mainly due to decreases in food and beverage manufacturing, petroleum manufacturing, fabricated metal product manufacturing, non-metallic mineral product manufacturing, and transportation equipment manufacturing. These losses more than offset gains in wood product manufacturing and miscellaneous manufacturing. Total wages and salaries paid in the manufacturing industry declined 0.8% in 2016 compared to the previous year, reflecting lower employment.

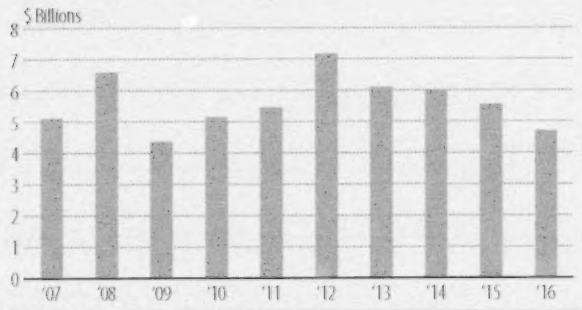
The North Atlantic Refinery in Come by Chance (NARL Refining Limited Partnership) is located along Atlantic crude oil shipping routes. As such, it provides Silverpeak Strategic Partners (the owners of the refinery since November 2014) access to petroleum markets in Europe and the eastern U.S. seaboard. Silverpeak has committed to investing capital and improving operations at the refinery. In particular, it completed a crude unit turnaround program in October 2016 to recertify equipment and increase crude oil throughput capacity from 115,000 barrels to 130,000 barrels per day. Industry Canada statistics indicate that the value of petroleum exports from the refinery in 2016 decreased significantly compared to 2015. This decline mainly reflected lower year-over-year prices for petroleum products.

In November 2016 the refinery announced that it was reducing its workforce by 128 people (just over 20% of the workforce). This number was reduced by 12 people as a result of a subsequent decision to retain the onsite lab. The company stated that the reductions are necessary to optimize operational costs and improve the operation's competitive position. It also indicated that it is committed to securing the refinery's long term future.

Fish processing plays a significant role in Newfoundland and Labrador's manufacturing industry. International seafood product exports from the province were valued at approximately $1.0 billion in 2016, on par with 2015.

Fabricated metal manufacturing continues to benefit from the development of various major projects in the province. However, activity declined in 2016 as several components of the Hebron project were completed. In the January to September period of last year, the value of fabricated metal manufacturing shipments totalled $146 million, representing a decrease of 38.1% relative to the same period in 2015. Similarly, fabricated metal manufacturing employment fell significantly last year, averaging around 600 person years—a drop of 40.0% from 2015.

Manufacturing Shipments



Source: Statistics Canada

International exports of non-ferrous metal production and processed products totalled almost $168 million in 2016—up 59% from 2015. This substantial increase is the result of Vale Newfoundland and Labrador's continued ramping up of operations at its Long Harbour nickel processing facility. Vale achieved successful production of first nickel at Long Harbour in July 2014, using a blend of high purity raw material from Indonesia and small quantities of ore from Vale's mine in Voisey's Bay. In 2015, the components required to process Voisey's Bay high grade concentrate were integrated into the process, resulting in the plant using 100% Voisey's Bay concentrate as of January 2016. The remaining components to process all Voisey's Bay concentrate (both high and middling grades) were completed late last year.

The volume of newsprint shipped from Corner Brook Pulp and Paper Limited fell slightly in 2016 compared to 2015. However, the estimated value of shipments rose 1.1% on a year-over-year basis reflecting higher newsprint prices and exchange rate gains (see *Forestry and Agrifoods* for details).

Some specific examples of advancements in manufacturing are highlighted below:

- The Bull Arm Fabrication site has played a significant role in developing the province's oil and gas industry. The Hebron project is the latest oil and gas project to take place at the site. Construction of the foundation of the Hebron gravity based structure (GBS) began in the dry dock at Bull Arm in October 2012. The GBS was floated to the deep water site in July 2014 for continued construction. The topsides of the GBS consist of six components, four of which were produced in the province at several locations including Bull Arm; Port aux Basques; Marystown; and Mount Pearl. Integration of the topsides components and mating onto the GBS was completed at Bull Arm in December 2016. Hook up and commissioning is underway and will continue until the platform is towed to the Hebron field in mid-2017. As of December 31, 2016 there were almost 3,200 people working on the project at the Bull Arm site.

- Sexton Lumber Co. Ltd. in Bloomfield, the largest integrated sawmill in the province, expanded its operations in 2016 with the addition of a finger-jointing plant. The installation of this new capacity was completed in November at a cost of $2.6 million—commercial production started in the first quarter of 2017. Finger-jointed products are manufactured by taking shorter pieces of lumber, machining a "finger" profile in each end of the pieces, adding an appropriate structural adhesive, and joining the pieces to make a longer piece of lumber. With finger-jointing, the length of a piece of lumber is not limited by tree size. The introduction of finger-jointed lumber will allow the company to increase the variety of lumber lengths that it sells in the market and to more fully utilize its raw materials. This capability could also have some custom specialty order application. Sexton Lumber is the only mill in Canada to have obtained an SPS 1 structural finger-jointed certification. This allows the product to be used in either vertical or horizontal load applications (e.g. wall studs and floor joists). Sexton lumber produced just over 50 million board feet of lumber last year and employs about 100 individuals directly. A further 15-20 independent harvesters supply the company with raw materials, and 20 independent truckers work exclusively for Sexton Lumber.

- In April 2016, fire destroyed the Quinlan Brothers Ltd. snow crab processing plant in Bay de Verde. This was a devastating blow for the community and surrounding area as this plant was the largest snow crab processing facility in the province, employing as many as 600 workers at peak and processing millions of pounds of crab a year as well as shrimp. Quinlan Brothers quickly indicated its intention to rebuild. Site remediation was completed in the spring and reconstruction of the processing plant started in summer 2016. The Government of Canada committed to funding wharf reconstruction and repairs to breakwater extensions damaged by the fire. The new snow crab processing facility is expected to be in production by April 2017. The focus of the plant will be snow crab, but the facility has additional space to accommodate future processing activity (e.g. groundfish).

- Dynamic Air Shelters engineers and manufactures lightweight, rapidly deployable textile shelters and constructions to protect people and equipment from extreme hazards in harsh environments. The manufacturing facility is located in Grand Bank, employs 60 full-time staff and has been in business for the past 15 years. The company has become the "go-to" manufacturer of blast-resistant shelters that meet the stringent safety needs of industries such as oil and gas, military, first response and more. In 2016, the Government of Canada announced funding for testing of Dynamic's Integrated Ballistic Protection System. The testing, to be conducted by Defence Research and Development Canada, an agency of National Defence, will help determine the efficiency of the shelters to provide life-saving protection for soldiers from bullets, bombs and rockets. Dynamic had been working on the development of this system for some time and this testing will advance the commercialization of the system. Dynamic also has plans for expansion, including a 4,000 sq. ft. expansion of the manufacturing facility, and the installation of a testing facility in order to meet demand and create internal efficiencies.

2017 **OUTLOOK**

- The value of provincial manufacturing shipments is expected to increase. The increase is predicated on higher production of manufactured nickel product and capacity increases in refined petroleum.
- Vale Newfoundland and Labrador continues to ramp up production at the nickel processing plant in Long Harbour. Ramp-up to full capacity is estimated to take two years.
- Silverpeak Strategic Partners anticipates spending approximately $45 million on capital expenditures at the refinery in Come by Chance in 2017.
- Fabricated metal manufacturing will continue to be negatively impacted by the winding down of major project construction activity, in particular work associated with the Hebron project.
- The volume and value of newsprint shipments are both expected to increase slightly.
- The lower valued Canadian dollar, relative to the U.S. dollar, should continue to benefit local manufacturers.

Cod. Courtesy: Department of Fisheries and Land Resources

Fishery and Aquaculture

The seafood sector—consisting of the harvesting and processing of both wild and farmed fisheries—is an important part of Newfoundland and Labrador's economy, particularly for rural communities. The sector experienced another successful year in 2016, with the total value of seafood production reaching a historical high of over $1.4 billion. This equates to growth of 8.9% in comparison to the previous year, due mainly to a rebound in aquaculture production. Aquaculture represented 19.2% of total seafood production value in 2016, in comparison to 12.2% in 2015.

The number of people employed in the sector in 2016 remained virtually unchanged as a slight decrease in processing plant workers was offset by a slight increase in harvesters. The processing sector employed approximately 7,600 workers, down 2.1% from 2015, while the number of harvesters increased 1.6% to almost 9,500. Direct employment for the aquaculture industry in 2016 was estimated at about 425 persons, slightly below the previous year.

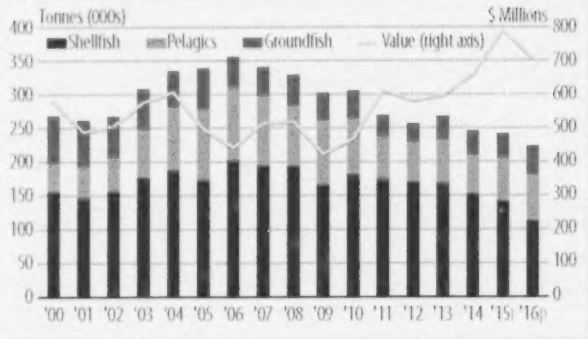
Wild Fisheries

Recent stock assessments indicate that many of the province's groundfish stocks continue to show signs of rebuilding. While the northern cod stock is far from full recovery, it has increased considerably over the past decade and is expected to grow further over the next few years. Meanwhile, warmer water temperatures appear to be having a negative impact on the abundance of some key shellfish resources. Recent assessments indicate that the snow crab resource continues to decline. As well, the northern shrimp stock continues to decline off the east coast of the island and southern Labrador.

Announced in Budget 2016, Newfoundland and Labrador's Seafood Innovation and Transition Program has provided over $2 million to support innovation and development for 37 initiatives throughout the province's seafood industry. The program focuses on helping the seafood industry transition to a groundfish-based fishery.

Total fish landings decreased to approximately 222,700 tonnes in 2016, a 7.6% decline compared to 2015, largely due to resource supply constraints, particularly for shrimp and snow crab. Total landed value was $708.3 million in 2016, a 10.6% decline from the previous year, but still high by historical standards (see chart).

Wild Fishery Landings



r: revised; p: preliminary
Source: Fisheries and Oceans Canada; Department of Fisheries and Land Resources

Shellfish

The shellfish sector continued to account for the majority of landings and value of the commercial fishery in 2016, accounting for 50.5% of total fish landings and 80.2% of the associated value. Shellfish landings declined 20.8% to 112,500 tonnes due to lower catches of shrimp and snow crab. The corresponding landed value for shellfish declined 13.5% to around $568 million. Value fell by less than volume due to higher raw material prices for crab.

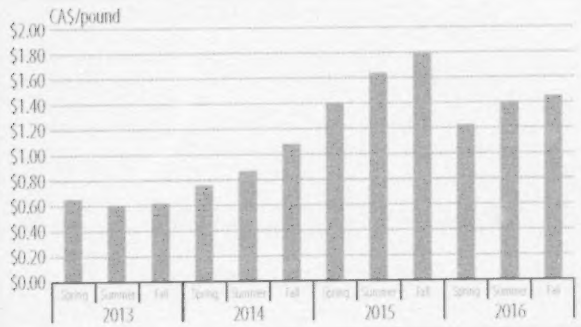
Shrimp landings declined by 33.8% to 47,900 tonnes last year due to quota reductions. In July of 2016, Fisheries and Oceans Canada set the total allowable catch (TAC) for shrimp in Shrimp Fishing Area (SFA) 6 at 27,825 tonnes (a 42.3%

Wild Fishery Landings and Landed Value

	2015 Revised		2016 Preliminary		2015/2016 Comparison	
	Volume (tonnes)	Value ($000s)	Volume (tonnes)	Value ($000s)	% Volume	% Value
Shellfish						
Shrimp	72,303	317,373	47,865	203,919	-33.8	-35.7
Snow Crab	47,302	257,571	41,726	273,875	-11.8	6.3
Other Shellfish	22,439	81,346	22,945	89,998	2.3	10.6
Total Shellfish	142,044	656,289	112,536	567,792	-20.8	-13.5
Groundfish						
Turbot	11,051	67,017	10,281	57,021	-7.0	-14.9
Cod	10,723	14,336	16,285	21,631	51.9	50.9
Flounders	7,008	9,916	8,969	12,743	28.0	28.5
Other Groundfish	5,863	25,755	6,076	26,466	3.6	2.8
Total Groundfish	34,646	117,023	41,611	117,860	20.1	0.7
Pelagics						
Capelin	36,501	10,220	36,722	11,333	0.6	10.9
Herring	26,859	6,691	27,179	6,771	1.2	1.2
Other Pelagics	814	960	4,627	2,944	468.6	206.8
Total Pelagics	64,173	17,870	68,527	21,048	6.8	17.8
Harp Seals (Number)	35,842	1,123	66,504	1,608	85.5	43.2
TOTAL	240,863	792,306	222,674	708,308	-7.6	-10.6

Notes: Species components may not sum due to independent rounding. Total volume does not include the number of seals.
Source: Fisheries and Oceans Canada; Department of Fisheries and Land Resources

Minimum Landed Price Paid to Harvesters, Inshore Shrimp



Source: Fish Food & Allied Workers

year-over-year reduction).[1] The minimum landed price paid to harvesters for inshore shrimp in the 2016 spring fishery was $1.22/pound, down from $1.40/pound in 2015. Summer and fall prices were also down last year (see chart). Nonetheless, shrimp prices were still relatively high in a historical context.

Snow crab landings also decreased in 2016, down 11.8% to 41,700 tonnes compared to 2015. This decline was due mainly to a 15% decrease to the Newfoundland and Labrador quota. However, the corresponding landed value increased 6.3% to $274 million due to higher prices. The 2016 landed price for snow crab averaged $2.98/pound compared to $2.47/pound in 2015, reflecting higher market prices. Lower global supply of snow crab last year put upward pressure on market prices.

Groundfish

Groundfish represented 18.7% of total fish landings in 2016, and 16.6% of landed value. Groundfish landings rose 20.1% to 41,600 tonnes, driven by increased catches of cod (+51.9%) and flounders (+28.0%). Despite the substantial increase in catches, the corresponding landed value increased only slightly (0.7%) due primarily to lower turbot and halibut prices.

[1] SFA 6 is located adjacent to the northeast coast of Newfoundland and the southeast coast of Labrador.

Pelagics

Pelagics accounted for 30.8% of total fish landings and 3.0% of total value in 2016. Pelagic landings increased 6.8% to 68,500 tonnes compared to 2015. Landings of capelin and herring were similar to 2015 volumes, while mackerel landings were up significantly. The corresponding landed value for pelagics increased by 17.8% to around $21 million.

Aquaculture

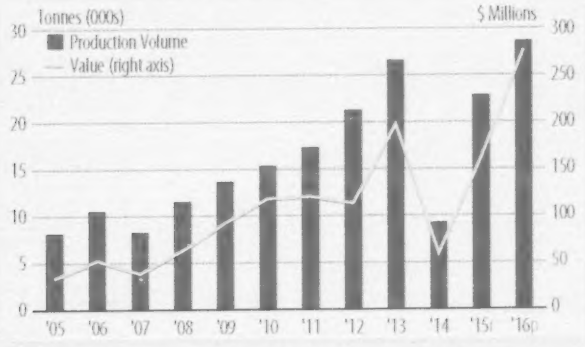
Aquaculture production has fully recovered after a challenging year in 2014, stemming from a super-chill event and the detection of the virus that causes Infectious Salmon Anaemia. Total production increased to approximately 28,600 tonnes in 2016, up from 22,800 tonnes in 2015 (see chart). This level surpassed the previous peak level of production of 26,550 tonnes in 2013. The corresponding value of production reached over $276 million, an increase of more than 70% from 2015 and more than 40% higher than the previous peak in 2013.

Increased salmonid production was the main driver of growth in aquaculture production in 2016, with production volume reaching approximately 25,400 tonnes, a 29% increase from the previous year. Salmonid market value also increased substantially to approximately $263 million, up from $149 million in 2015 due to both higher volume and prices. The average market price for 8-10 pound fresh whole-fish Atlantic salmon was $4.57/pound in 2016, up 42% over the 2015 average.

Mussel production increased 2.6% to approximately 3,200 tonnes in 2016. The corresponding production value reached $13.6 million (+5.6%). Mussel prices remained stable over the past year, averaging $1.92/pound with small fluctuations due to changes in exchange rates.

Direct employment for the aquaculture industry in 2016 is estimated at 425 persons, similar to last year's levels.

Aquaculture Production Volume and Value (all species)



r: revised; p: preliminary
Source: Department of Fisheries and Land Resources

On December 20, 2016, Northern Harvest Sea Farms announced a $6 million expansion to its salmon hatchery in Stephenville. This expansion will result in the company increasing its production capacity by an additional 6,000 tonnes of harvested product annually.

Grieg NL Seafarms Ltd. and Marine Harvest ASA have both expressed significant interest in the aquaculture development opportunities in Newfoundland and Labrador. Grieg NL Seafarms has proposed a $250 million salmon farm in Placentia Bay which includes a $75 million hatchery in Marystown. The project would generate an estimated 325 direct and 235 indirect/induced person years of employment. Marine Harvest, the world's largest producer of Atlantic salmon has invested $15 million to purchase the assets of the Gray Aqua Group of Companies in Atlantic Canada. This includes seven farming licences, 17 site applications and the Hermitage processing plant. These projects could potentially double the province's current aquaculture production and expand the industry into a new area of the province. In order to facilitate this expansion, the Provincial Government is reviewing aquaculture site licensing policies to ensure all aquaculture sites are fully utilized.

Processing and Marketing

There were 92 licensed fish processing plants in the province in 2016 about the same as the previous year. Of these, 73 were primary processing facilities, two were secondary, six were aquaculture and 11 were in-province retail establishments.

Preliminary estimates indicate that seafood production increased 5.8% to 143,000 tonnes in 2016 due to higher production of pelagics (+17.5%) and aquaculture product (31.5%). These increases offset an 11.2% decline in shellfish production attributable to lower landings of shrimp and snow crab. Groundfish production declined slightly (-1.4%).

Global seafood demand has grown steadily in recent years and this growth is expected to continue, supported by increased health consciousness and the desire for quality seafood among newly affluent consumers. Snow crab, lobster and salmon prices were higher in 2016 primarily due to supply shortages and a favourable Canada/US exchange rate.

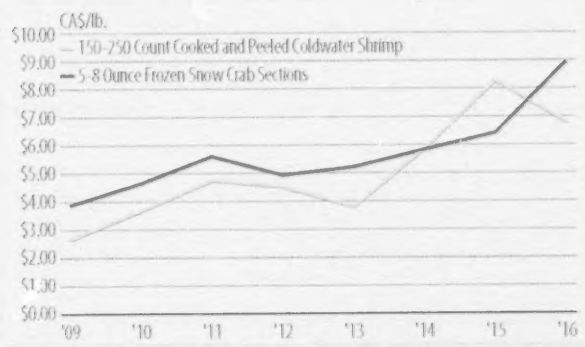
Together, the United States and China accounted for almost 70% of the international export value of the province's seafood products in 2016. The United States remained the largest market and represented 50.0% of total export value, while China accounted for 17.3%. The continued emergence of China as a leading market for seafood consumption bodes well for the Newfoundland and Labrador seafood industry. Other major markets in terms of export value included the United Kingdom (7.0%), Japan (4.3%) and Hong Kong (3.7%). Newfoundland and Labrador international seafood product exports were valued at approximately $1.0 billion in 2016, on par with 2015.

Snow crab processors benefitted from the lower Canadian dollar and higher market prices in 2016. Prices rose in the face of a 19% decline in global supply, largely the result of quota reductions in Alaska. The average market price for 5-8 ounce sections was 34.5% higher in 2016 compared to 2015

(US$6.75/pound compared to US$5.02/pound); in Canadian dollars, market prices increased 39.3% (see chart).

The record high market prices for shrimp experienced throughout much of 2015 began to drop towards the end of 2015 and into the early part of 2016. The price of 150-250 count shrimp in the Danish market averaged $6.76/pound in 2016, down 18.4% compared to 2015.

Shrimp and Snow Crab Average Market Prices



Source: Urner Barry Publications Inc.; Gemba Seafood Consulting; Bank of Canada

2017 OUTLOOK

- Total fish landings are expected to decline relative to 2016. An anticipated rise in groundfish landings will be offset by declines in both pelagics and shellfish landings.
    - Both shrimp and snow crab will likely be subject to further quota reductions due to diminishing stocks.
- The Canada-European Union Comprehensive Economic and Trade Agreement signed on October 30, 2016 and ratified on February 15, 2017, will provide Newfoundland and Labrador seafood producers with considerable market opportunities in the European Union.
- On January 1, 2017, China implemented a range of tariff reductions that will see the shell-on frozen shrimp tariff reduced from 5% to 2% and tariffs on frozen turbot reduced from 10% to 5%. It is estimated that the enhanced market access has the potential to generate over $3.5 million annually to Newfoundland and Labrador seafood producers.
- The global supply of snow crab will continue to be impacted by quota cuts — the Alaska Bering Sea snow crab quota for the 2017 season has been reduced by 50% and is the lowest it has been in 45 years at 21.5 million pounds.
- The global supply of groundfish is expected to remain relatively stable in 2017. Canada's Atlantic cod stocks are slowly recovering, reaching the largest biomass since 1992.
- The aquaculture industry is forecast to see continued growth in 2017. Further growth in Atlantic salmon production is expected, while trout production is anticipated to remain stable.
- A funding announcement by the federal government was made in early March, committing at least $100 million for Newfoundland and Labrador from a $325-million block of funding allocated to the seafood sector throughout Atlantic Canada. The money is expected to be used to help transition the fishing industry toward groundfish.

Sexton Lumber Ltd., Bloomfield. Courtesy Neil Greening/Sexton Lumber Ltd.

Forestry and Agrifoods

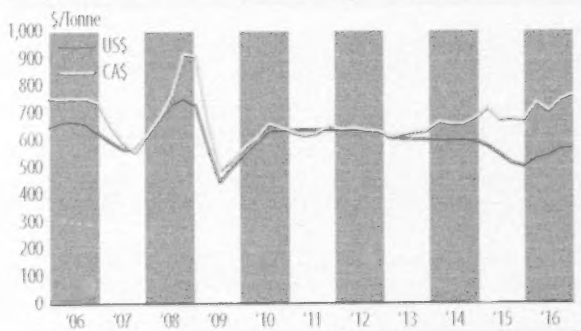
Newsprint

North American Industry

North American newsprint producers continued to struggle with difficult market conditions in 2016. Newsprint shipments declined by 8.1% over 2015. Shipments within North America and to oversea destinations were both down.

North American newsprint demand has declined for more than a decade, reflecting the growing popularity of digital media. Demand for newsprint dropped by two-thirds between 2000 and 2016. The industry has tried to limit the supply of newsprint in an effort to support higher prices, yet the market remains oversupplied due to the steady decline in demand. In spite of these market conditions, newsprint prices increased in 2016. The price of newsprint averaged US$559/tonne in 2016, 3.9% higher than in 2015. Even with this improvement, prices, in U.S. dollars, remained below those recorded a couple of years ago (see chart). For Canadian producers, the depreciation of the Canadian dollar has helped them retain their competitive position. In Canadian dollars, the average price of newsprint increased by 7.8% in 2016, hitting a seven year high.

North American Newsprint Prices



Source: TD Financial Group; Pulp and Paper Weekly; Bank of Canada; Department of Finance

Provincial Industry

The provincial newsprint industry has faced challenges similar to those of the overall North American industry, with the number of newsprint facilities reduced from three to one over the last decade. The remaining facility is owned by Corner Brook Pulp and Paper Limited (CBPPL), a subsidiary of Kruger Industrial. CBPPL employs close to 550 full-time and casual workers among the paper mill, power plants and forest operations.

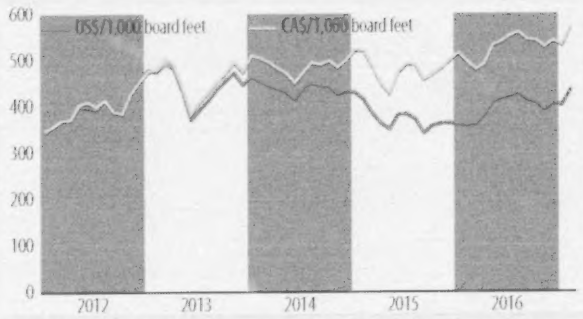
CBPPL has engaged in a long-term sustainability plan, facilitated by a 2014 loan agreement with the Provincial Government. Under the terms of the agreement, CBPPL has access to a fully repayable loan of up to $110 million secured by a mortgage on the company's power assets and water rights, including the Deer Lake Power Plant and Watson's Brook Power Plant. The loan is being used by the company for debt restructuring and capital improvements at the Corner Brook facility and the Deer Lake Power Plant. Rebalancing the operation of the mill is important to the Corner Brook region and also has implications for the sawmill industry, which exchanges raw material with the paper mill for mutual benefit.

Provincial newsprint shipments in 2016 totalled 238,200 tonnes and the estimated value of shipments increased by 1.1%. Higher prices compensated for a small decline in the volume of shipments.

Lumber Production

Lumber prices increased from US$361/thousand board feet in February 2016 to US$437 in February 2017 (see chart). U.S. housing starts are an important determinant in the demand for lumber. U.S. housing starts increased by 5.6% in 2016 with single starts rising by 9.4% and multiples decreasing by 1.3%. The strong growth in single housing starts bodes well for lumber demand as a single housing unit consumes about three times as much lumber as a multiple housing unit.

Lumber Prices



Note: Price is for Kiln Dried Eastern Spruce-Pine-Fir # 1&2 2x4 R/L - Delivered Great Lakes.
Source: Random Lengths Weekly Pricing; Department of Natural Resources; Bank of Canada; Department of Finance.

Canadian lumber production totalled 29.0 billion board feet in 2016, up 5.7% compared to 2015. British Columbia accounted for nearly one half of this production. During this period, Canadian lumber exports increased by 13.5%—exports to the U.S. increased by 21.0% (78.5% of lumber exports) while exports to China decreased by 8.5% (12.7% of lumber exports).

Newfoundland and Labrador lumber production was an estimated 81 million board feet in 2016, up from 73 million board feet in 2015. This increase is attributed to improved saw log availability and new capital investments. These investments include Burton's Cove Logging and Lumber Ltd. in Hampden, which completed a major expansion several years ago to improve productivity and increase production. Expansion activities included the establishment of a new single line for lumber production, a mechanized system for sorting logs, and installation of a dry kiln. As well, Sexton Lumber Co. Ltd. in Bloomfield, the largest integrated sawmill in the province, expanded its operations in 2016 with the addition of a finger-jointing plant. The installation of this new capacity was completed in November 2016 at a cost of $2.6 million—commercial production started in the first quarter of this year. The introduction of finger-jointed lumber will allow the company to increase the variety of lumber lengths that it sells in the market and to

more fully utilize its raw materials. Further information on the investment at Sexton Lumber is included in the *Manufacturing* section.

The U.S.–Canada lumber trade dispute will be a source of concern for Canadian lumber exporters going forward. The previous Softwood Lumber Agreement expired in October 2015. Despite ongoing negotiations to reach a new agreement, in November 2016, a U.S. industry organization petitioned the U.S. Department of Commerce to initiate an investigation into Canadian softwood lumber imports into the U.S. In January 2017, the U.S. announced a finding of injury and is continuing its investigation. A preliminary finding on countervailing duties is expected this spring.

Future Development

The Provincial Government continues to work towards an agreement on the utilization of forest resources in central Newfoundland, which were formerly held by AbitibiBowater until the closure of the Grand Falls-Windsor newsprint mill in 2009. The unallocated wood supply available for development is 280,000m^3 per year (representing approximately 12% of the annual allowable wood supply for the island portion of the province).

NewGreen Technology Inc. and the Province reached an agreement in principle in February 2017 for the development of a 20 million board feet capacity sawmill and a biofuel manufacturing and export facility in Botwood. The agreement focuses on the development of a comprehensive business plan from the company and potential fibre arrangements to be provided by the Government to support the project.

In 2016, the Department of Fisheries and Land Resources achieved the ISO 14001:2004 environmental management system certification. The certification is compulsory for all forestry activities carried out on Crown land in the province. This standard emphasizes the Province's commitment to sustainable forest management and opens access to additional certifications in the industry. Obtaining this certification has several associated benefits, such as cost savings in waste management, reduced insurance costs, better risk management, and competitive marketing advantages for local wood product manufacturers. This will not hamper annual harvest amounts as the industry is already harvesting at a sustainable rate.

Agrifoods

The provincial agrifoods sector is a diverse and growing component of the Newfoundland and Labrador economy. Provincial farms reported receipts of $97.3 million during the first three quarters of 2016, down 3.5% from the same period in 2015. Livestock and livestock products, which accounted for 86% of total receipts during this period, were down by 5.4% to $83.9 million. The decrease mainly reflected lower fur receipts, in particular mink, whose price is set on the global market and subject to fluctuations. Farm cash receipts from chicken farming are not available due to confidentiality restrictions, but data from the Chicken Farmers of Canada indicates that the volume of chicken produced in the province in 2016 totalled 15.6 million kilograms, up 8.8% from 2015. Total crop production receipts increased by 0.8% to $12.1 million during the period. Gains were recorded in floriculture and in field and greenhouse vegetables.

Egg Industry

In Newfoundland and Labrador eggs are the third largest agricultural product (in terms of value) behind dairy and poultry. Egg production generated $13.4 million in farm cash sales for the province in the first three quarters of 2016. There are currently six registered local commercial egg producers who produce 10 million dozen eggs annually. Egg farmers are part of the national supply management system which allocates

quotas based on consumption. The province has an allocated quota of approximately 370,000 birds. Consumption of eggs is on the rise due to consumer trends toward natural and nutritious protein-rich food.

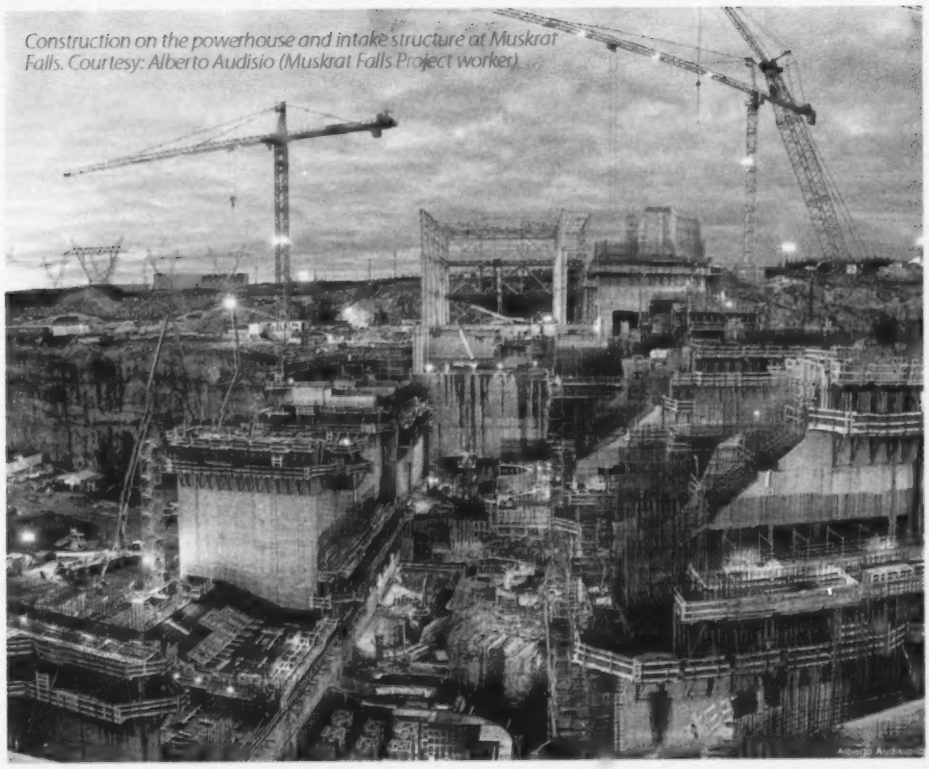
In response to the increasing demand for eggs, the Egg Farmers of Newfoundland and Labrador (EFNL) established a new entrant program in 2015. Barn Fine Eggs, located on the West Coast of the island, was the first to avail of the program, and was allocated a quota of 5,000 birds. Construction of the barn began in the summer of 2016 and the birds, of Lohmann breed, were placed in the barn in December. The barn has an enriched colony system, which encourages hens to exhibit their natural behaviors such as dusting, bathing and foraging. Barn Fine Eggs reported that its birds are responding well to this habitat, have good plumage and are producing clean healthy eggs. The company is looking forward to the potential to expand its operation.

The EFNL is conducting a second call for a new entrant, who will be allocated a quota of 4,870 birds. There are several interested candidates in the province seeking to enter the industry. Growth of this sector will contribute to improve food security in the province.

NL Eggs Inc., located on the Avalon Peninsula, is the only federally registered grading station in the province. NL Eggs Inc. collects, grades and packages all eggs produced in the province. All egg farmers in Newfoundland and Labrador participate in a national food safety program called "Start Clean Stay Clean", which is a mandatory Hazard Analysis Critical Control based program. Additionally, egg producers follow a mandatory Animal Care Program which is audited by a third party.

2017 OUTLOOK

- North American newsprint demand is anticipated to continue to decline. The shutdown of additional mills, such as the mill in Trois-Rivières (Québec) owned by Kruger, should reduce excess supply and allow for stable prices in 2017.
    - Newsprint prices are expected to average US$571/tonne, up slightly from an average of US$559/tonne in 2016. Canadian producers are expected to receive some relief because of lower exchange rate, with the Canadian dollar forecast to average US$0.75 in 2017.
- Newsprint shipments from Newfoundland and Labrador are expected to be around 245,000 tonnes, up 2.8% from 2016.
- North American lumber prices are expected to increase, from an average transaction price of US$398 per thousand board feet to US$425.
- Lumber production is projected to increase slightly to approximately 83 million board feet, reflecting mill improvements and increased capacity.
- Farm cash receipts are expected to grow across all sectors.
- On February 16, 2017, the Department of Fisheries and Land Resources and the Department of Municipal Affairs and Environment announced increased access to Crown land for the agriculture industry. Consisting of approximately 64,000 hectares, this has the potential to nearly double the amount of land available to farmers and agricultural producers.

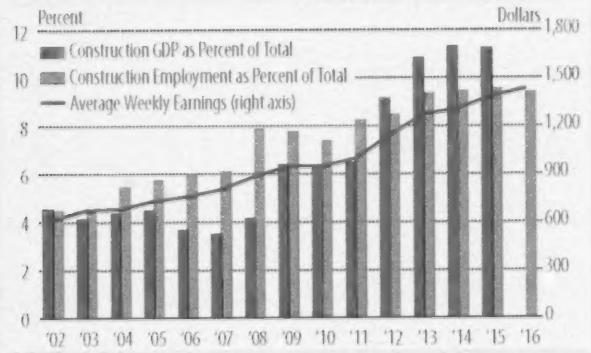


Construction on the powerhouse and intake structure at Muskrat Falls. Courtesy: Alberto Audisio (Muskrat Falls Project worker)

Construction

Since the beginning of the millennium, the province's construction industry has accounted for an increasing share of economic activity (see chart). The industry accounted for 11.3% of provincial GDP in 2015 and 9.4% of total provincial employment in 2016. Activity in the construction industry remained robust in 2016, driven by high levels of investment expenditures on several major projects including the Hebron oil development, the Muskrat Falls hydroelectric development (see discussion on next page) and Vale's nickel processing facility in Long Harbour.

Construction Industry Indicators



Source: Statistics Canada; Department of Finance

Investment Expenditures

Construction activity is generated by two types of spending: non-residential spending (e.g. mine development, hospitals) and residential investment (e.g. construction of new homes, renovations of existing homes).

Muskrat Falls Project

One of the most significant construction projects in the province in 2016 was the Muskrat Falls development. The project includes construction of an 824 megawatt hydroelectric generating facility and more than 1,600 kilometres (km) of transmission lines across the province (including subsea transmission connecting Labrador to the island), being developed by Nalcor Energy. The project also includes transmission lines connecting Newfoundland and Nova Scotia (the Maritime Link) which is being constructed by Emera. The Maritime Link is expected to be completed in late 2017.

Construction on all components of the project being developed by Nalcor advanced significantly in 2016. Work continued in many areas of the province from Churchill Falls, Labrador to the Avalon Peninsula, near St. John's. Approximately two-thirds of total project construction was complete at the end of the year.

At the Muskrat Falls hydroelectric site in Labrador, progress was made on concrete placement for the powerhouse and intake structures. Mid-year, the spillway gates were successfully raised, opening the spillway and redirecting the flow of the lower Churchill River at Muskrat Falls for the first time. Advancements were also made on the construction of the temporary cofferdam and the North Spur dam.

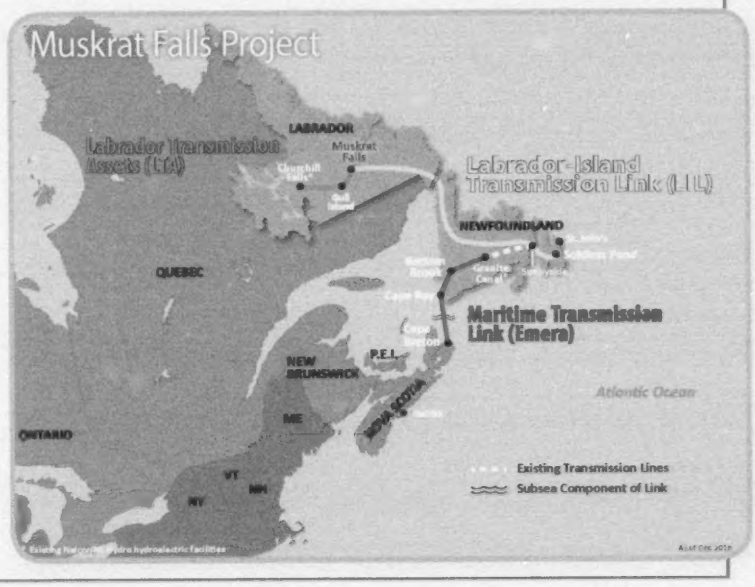
By the end of 2016, 100% of the transmission towers were installed and wire stringing was fully completed on the transmission line between Churchill Falls and Muskrat Falls. Construction on the 1,100 km Labrador-Island Link—connecting Muskrat Falls to Soldiers Pond— was roughly 91% complete in Labrador and 48% on the island. Work also progressed on the switchyards, converters and synchronous condensers for the Labrador and island portions of the transmission projects.

Another major milestone reached in 2016 was the completion of the subsea cable installation which will connect the Labrador and island power grids. All three cables for the Strait of Belle Isle marine cable crossing have been laid on the seafloor of the Straits and protective rock berms installed. This marks the first-ever connection between Labrador and the island.

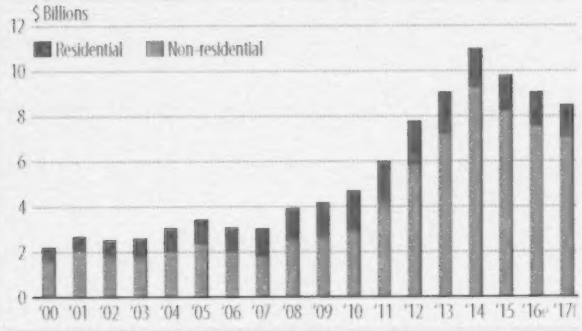
Construction on the Muskrat Falls Project is generating significant benefits for businesses and labour in Newfoundland and Labrador. It is estimated that approximately $12 million is spent in the provincial economy every week by the project. In 2016, project employment peaked in September with 5,990 persons working in the province, of which 4,970 (83%) were residents of Newfoundland and Labrador.

Total project construction cost is estimated at $9.4 billion, with $6.1 billion spent as of December 31, 2016. Major construction activities in 2017 for the generation project include the start of the main dam, continued concrete placement in the powerhouse and intake and the start of installation of the turbines and generators. For the transmission projects, work will continue on the erection of transmission towers and line stringing, as well as continued work on the installation of the electrical equipment required at the Muskrat Falls and Soldiers Pond sites. Construction of the transmission infrastructure is expected to be completed in mid-2018 and first power generation is expected in summer 2019.

Completion of the Muskrat Falls Project will mean long-term, clean, renewable power (98% sustainable energy) and a link to North America's electricity grid to allow for the sale of excess power to markets.



Construction-Related Investment



e: estimate; f: forecast
Source: Statistics Canada; Department of Finance

Non-residential construction-related expenditures totalled $7.6 billion in 2016, down 8.0% from 2015 but remained high in a historical context (see chart). The majority of these expenditures were attributable to the mining/oil and gas and utilities industries which accounted for 43% and 32% of total non-residential construction in 2016 respectively. Investment in the oil and gas industry included both the expansion of the Hibernia South Extension project and construction related to the development of the Hebron project. Investment in the utilities industry primarily reflects work on the Muskrat Falls Project.

Investment in residential construction declined by 9.6% to $1.3 billion in 2016. Expenditures decreased for both renovations (-4.9%) and new dwellings (-16.1%). The decrease in expenditures for new dwellings is consistent with fewer housing starts (see *Real Estate*).

Employment and Wages

Construction employment and wages have more than doubled over the past 15 years and remain at very high levels. Despite a 3.1% decline in 2016, employment in the construction industry was still the fourth highest level on record. In 2016, construction industry employment averaged 21,900, down 700 relative to 2015 and only moderately lower than the historical peak of 22,800 set in 2013.

The surge in labour demand over the past decade has translated into rapid wage growth in the construction industry. In 2016, average weekly wages (including overtime) in the industry were $1,432, in comparison to $762 in 2006, representing an annual average increase of 6.5% over this period. Among provinces, only Alberta recorded a higher average weekly wage than Newfoundland and Labrador in 2016.

Ongoing major project development, public sector infrastructure spending and a number of new commercial and industrial projects have been the primary drivers of the recent historically high levels of construction activity in Newfoundland and Labrador.

2017 OUTLOOK

- Construction activity is expected to decline, but remain high in a historical context.
- Capital spending and employment levels related to major projects are expected to decrease due to reduced construction spending on the Hebron project and the Long Harbour nickel processing facility.
- Total construction-related capital spending is expected to decrease by 6.4% to $8.5 billion.
- In March 2017, the Province announced a five-year, $3 billion plan for new and existing public infrastructure (e.g. schools, roads, healthcare facilities). Approximately $57[illegible] million is expected to be spent during fiscal year 2017/18.
- $35.7 billion in project spending is planned or underway in the province according to the *Inventory of Major Capital Projects* (see page 57).

18 Hebron Way, St. John's. Courtesy: Department of Finance

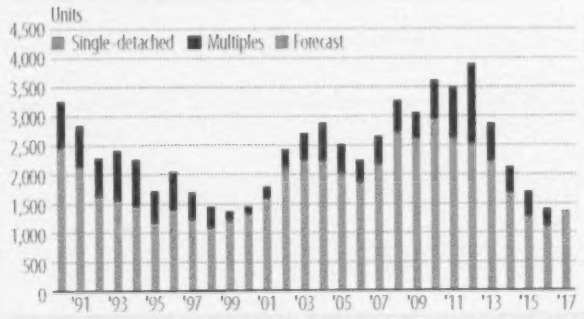
Real Estate

The real estate market in Newfoundland and Labrador was subdued in 2016 with housing starts, residential sales, and housing prices all recording declines. Vacancy rates rose in the residential and commercial rental markets, although rental rates continued to rise.

Housing Starts

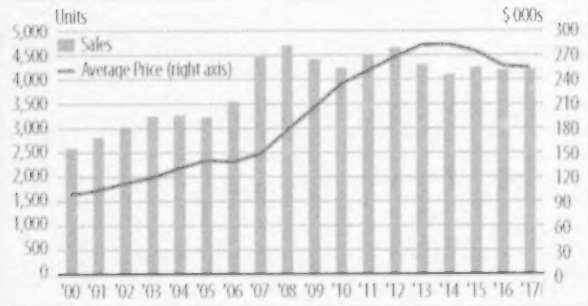
There were 1,398 housing starts in the province in 2016, a decrease of 17.6% compared to 2015. Single-detached housing starts, which typically account for the vast majority of total starts, fell to 1,108 units in 2016, a 12.8% decrease compared to 2015 (see chart). Multiple starts (which include denser housing types such as row houses, semi-detached homes, apartments and condominiums) fell to 290 units, down 31.9% compared to 2015. The downward trend in housing starts reflects a number of factors including a build-up of housing stock in previous years, slow population growth, softening labour market conditions, and weakening consumer confidence. As well, the housing market was dampened late in the year by the introduction of new mortgage regulations by the federal government in the fall of 2016. The new regulations are designed to ensure that homebuyers are able to afford their mortgage payments if interest rates rise. As such, homebuyers may have to delay their purchase in order to save for a larger down payment or, alternatively, buy a lower priced home.

Housing Starts



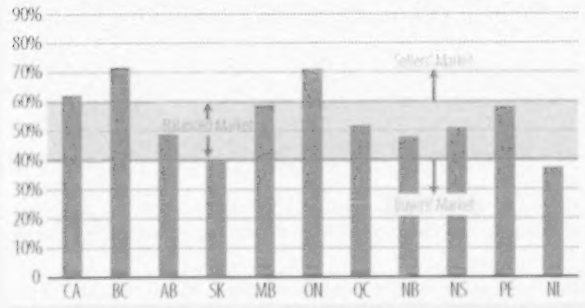
Source: Canada Mortgage and Housing Corporation; Department of Finance

Residential MLS® Sales and Average Price



f: forecast
Source: Canadian Real Estate Association

Home Sales-to-New Listing Ratios 2016



Source: Canadian Real Estate Association; Department of Finance

There were 1,000 housing starts in urban areas of the province in 2016, a 16.8% decrease compared to the previous year. In the St. John's Census Metropolitan Area (CMA), the largest market in the province, housing starts declined 15.4% to 833 units, with both single and multiple starts falling substantially. Rural housing starts were down 19.6% to 398 units, compared to 495 units in 2015.

Residential Sales and Prices

The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service (MLS®) fell by 1.4% to 4,192 units in 2016 (see chart). In 2016, the average MLS® residential price in the province was $257,589, a decrease of 6.5% compared to 2015, and 9.2% lower than the peak price recorded in 2014.

In the St. John's CMA, the average MLS® residential price was $307,322 in 2016, a decrease of 5.2% compared to 2015. The number of residential sales in St. John's decreased 7.2% to 2,451 units in 2016, compared to 2,640 units in 2015.

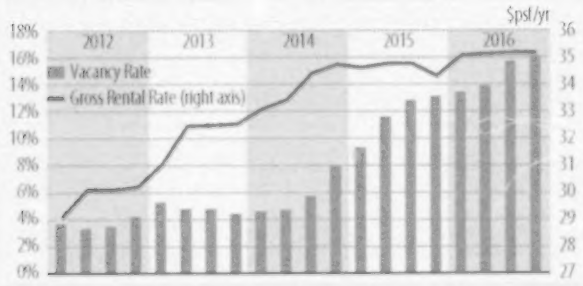
The sales-to-new listings ratio, which is the ratio between the number of homes sold and the number of new listings entering the market, is commonly used as an indicator of housing market conditions. A housing market is considered balanced when the ratio is between 40% and 60%. A ratio below 40% indicates a buyers' market, while a ratio above 60% indicates a sellers' market. In Newfoundland and Labrador, the sales-to-new listings ratio has fallen from a peak of 62.4% in 2008 to 37.4% in 2016, indicating a shift from a sellers' market to a buyers' market. Among the provinces, Newfoundland and Labrador had the lowest sales-to-new listings ratio in 2016 (see chart). Saskatchewan, at 39.9%, was the only other province with a ratio indicating a buyers' market. British Columbia (71.7%) and Ontario (71.2%) were solidly in the sellers' market range, while the rest of the provinces had a ratio indicating balanced market conditions. The Canadian sales-to-new listings ratio, driven largely by the British Columbia and Ontario markets, climbed into sellers' market territory in 2016 and stood at 62.3%.

Rental Market

According to the Canada Mortgage and Housing Corporation's most recent Rental Market Survey in October 2016, the overall residential vacancy rate in Newfoundland and Labrador was 6.5%, an increase of 2.4 percentage points (ppt) compared to October 2015.[2] The vacancy rate was 7.9% in the St. John's CMA in October 2016, compared to the 4.7% observed in October 2015. The upward

[2] The Rental Market Survey is conducted in urban areas with populations of at least 10,000 and targets the primary rental market, which only includes rental units in privately initiated apartment structures with at least three rental units.

Office Vacancy and Rental Rates, St. John's



psf: per square foot
Source: Cushman & Wakefield Atlantic

trend in the vacancy rate in St. John's can partially be attributed to the recent increase in the supply of new apartments. Of the 3,815 apartment units currently available in the primary rental market in St. John's, 943 of those have been added since the second half of 2012. In addition, it is possible that in recent years an increasing share of the demand for rental accommodation has shifted to the secondary rental market, which includes two-apartment detached homes and rental condominiums, causing upward pressure on the vacancy rate in the primary rental market. In other urban areas of the province, the residential vacancy rate was 2.5% in Corner Brook in 2016 (down 0.4 ppt from October 2015), 4.1% in Gander (up 1.4 ppt), and 2.9% in Grand Falls-Windsor (up 0.3 ppt).

The average monthly rent for a two-bedroom apartment in the province in October 2016 was $865, up from $834 in October 2015. By comparison, the average rent for a two-bedroom apartment was higher in Nova Scotia ($1,008), but lower in Prince Edward Island ($852) and New Brunswick ($763).

Commercial

Economic growth in recent years has led to a significant expansion in the demand for commercial office space. In particular, demand for office space from oil companies and firms that support oil companies led to a surge in both new construction and renovation of existing office space. As such, there is now an abundant supply of new office space. Tenants have more options and can be more demanding when negotiating a lease, while landlords may have to offer inducements to compete for tenants. As a result, the absorption of vacant office space into the market has slowed, leading to a rise in the vacancy rate in the St. John's CMA.

Office vacancy rates in St. John's have been trending upwards since late 2014 and reached 16.1% in the fourth quarter of 2016 (see chart). Overall, the vacancy rate averaged 14.8% in 2016, an increase of 3.1 ppt compared to 2015. Nevertheless, the average gross rental rate for office space grew 1.5% to $35.15 per square foot per year (psf/yr) in 2016, compared to an average of $34.63 in 2015. Despite the increase in the overall vacancy rate, the average rental rate remains high as an increasing share of office space is in new "Class A" buildings which have higher rents than older buildings.

2017 OUTLOOK

- The residential real estate market is expected to remain subdued in 2017, with fewer housing starts than in recent years and sales activity about the same as 2016.
- Housing starts and residential resale activity may be dampened by new mortgage regulations introduced by the federal government in the fall of 2016.
- Housing starts in 2017 are forecast at 1,350 units, a 3.4% decrease compared to 2016.
- The Canadian Real Estate Association forecasts residential sales in the province to rise 0.2% to 4,200 units and the average resale price to fall 0.8% to $255,400.
- Growth in commercial real estate is expected to be dampened by the current oversupply that exists in the local market and restrained activity in the mining and oil and gas sectors.

Snowmobiling, Groomed Trails. Courtesy: Newfoundland & Labrador Tourism

Tourism

The tourism sector in Newfoundland and Labrador is an important contributor to the economy as it generates economic wealth in all regions of the province. The tourism sector consists of both residents who travel within the province and non-residents who visit the province from other parts of Canada and around the world. Visitors to the province arrive by airplane, automobile and cruise ship. In recent years, tourism spending in the province has totalled around $1 billion annually. The province's tourism sector has been supported by continued improvements and additions to infrastructure, including airport expansion, improved air access, replacement of ferries, enlargement of convention facilities, and construction of new hotels, restaurants and attractions. The Province's award winning marketing efforts have also played a major role in attracting travellers. Furthermore, the lower Canadian dollar has made travel within Canada more attractive for both international and domestic travellers. Current travel statistics suggest an increase in overall tourism activity in Newfoundland and Labrador during the 2016 season.

Residents engaging in tourist activities within the province account for the majority of spending in the province's tourism sector, typically representing between 50% and 55%. Although non-resident tourism spending is slightly lower, it is particularly important as it brings new money into the province. Ontario and the Maritimes typically account for the majority of non-resident visitors to Newfoundland and Labrador.

Air Visitors

Air travel visitation is the largest segment of the province's non-resident tourism sector, accounting for 77% of visitors and 81% of spending in 2015. It has also been a major source of growth for the sector over the years. Non-resident air traveller estimates for 2016 will not be available until later this

year.[3] Nevertheless, some indicators of overall air travel, such as the number of passengers and seat capacity, were positive in 2016.

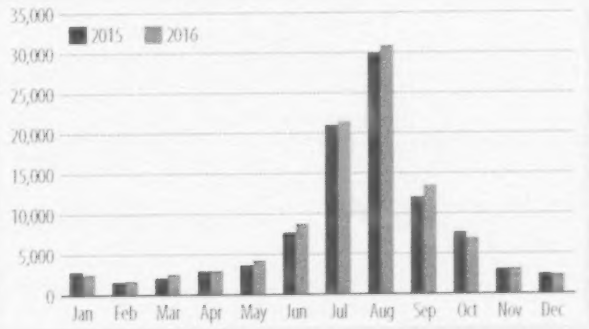
Airport activity (boarding and deplaning passenger movements) for the province's seven major airports reached a record 2.5 million passenger movements in 2016, an increase of 4.1% over the previous year. Higher activity at St. John's, Deer Lake, Stephenville, Goose Bay and St. Anthony more than offset lower activity at Gander and Wabush.

Installation of a Category III Instrument Landing System (Cat 3 ILS) at St. John's International Airport was completed in early 2016. The introduction of this new technology has increased the airfield's accessibility to 99% during low visibility conditions. In its first full year of operation, the newly installed Cat 3 ILS resulted in a significant improvement in the reliability of flight operations at the airport. An estimated 920 flights that would have previously been impacted by low visibility conditions were able to operate on schedule as a result of this new system in 2016. With greater predictability of flight operations for leisure and business travellers, the region will experience increased opportunities for tourism and conventions year-round.

Inbound non-stop seat capacity is a major indicator of the state of air access to the province. Inbound seat capacity rose 2.7% (about 34,400 additional seats) in 2016, representing the ninth consecutive year of growth for this indicator. The increase was driven by capacity growth in domestic and international (excluding U.S.) markets, which saw an increase of approximately 32,100 and 10,300 additional seats, respectively. Growth in international seat capacity was due to the introduction of a seasonal service between St. John's and Gatwick by WestJet. Seat capacity for U.S. flights declined by about 8,000 in 2016.

[3] Non-resident air visitation estimates are based on air exit surveys periodically conducted by the Province. The latest air exit survey was conducted in 2016 and the results from the survey will not be available until later this year.

Non-Resident Auto Visitation



Source: Department of Tourism, Culture, Industry and Innovation

Automobile Visitors

Non-resident automobile visitation to the province in 2016 reached an estimated 101,000 visitors, a gain of 4,620 visitors (or 4.8%) over 2015. Non-resident automobile visitor estimates are based on traffic on the Marine Atlantic ferries between North Sydney and Newfoundland.

Marine Atlantic piloted new pricing strategies in both 2015 and 2016, which resulted in not only increased bookings on the discounted crossings, but an increase in bookings on all routes. Lower fuel prices, combined with a low Canadian dollar, also contributed to an increase in bookings as more Canadians opted for domestic travel as a cheaper travel alternative. Marine Atlantic passenger movements (both directions) reached 328,528 in 2016, an increase of 2.9% over 2015 levels. Approximately 45% of non-resident automobile visitation occurs in July and August (see chart).

Cruise Visitors

The province received approximately 23,545 unique cruise visitors during the 2016 cruise season, an increase of 9.2% compared to the previous year.[4] This increase is due in part to two additional vessels visiting the province combined

[4] This figure is a Department of Tourism, Culture, Industry and Innovation estimate based on a review of itinerary information. This estimate only counts passengers once regardless of the number of ports visited. This should be distinguished from "cruise ship passenger visits", which is the industry standard, whereby passengers are counted at each port call made by their vessel.

with the highest overall passenger load factor (95%) in four years. Furthermore, the east coast of Newfoundland experienced ideal conditions for cruise ships in 2016, resulting in no weather related cancellations in the area.

Attractions

Increased visitation for the vast majority of provincial attractions during 2016 indicates a busy season for tourism operators, with visitors taking advantage of the many and varied experiences available. Visitation to Provincial historic sites was up 16.1% to 99,238 visitors, with all sites showing increases. Visitation to national historic sites increased 3.6% to 94,368 visitors for the period ending October 2016. The Rooms (home of the Provincial archives, gallery and museum) attracted 91,403 visitors last year, an increase of 29% over 2015. This increase in visitation is attributable to the July opening of the highly popular Royal Newfoundland Regiment Gallery showcasing the Beaumont Hamel/First World War Exhibit (1916-2016). Visitation to the three Regional Museums was up 11%, with over 10,000 visitors taking in the Mary March Museum in Grand-Falls Windsor, the Seamen's Museum in Grand Bank and the Labrador Interpretation Centre in North West River. Traffic to Provincial visitor information centres increased 8.8% over the May to September operating period in 2016 compared to the same period in 2015. All provincially-operated visitor centres reported increases in activity.

Accommodations

The provincial accommodation occupancy rate (preliminary) was 50.2% for 2016, a decrease of 0.1 percentage points compared to 2015. Performance was mixed at the regional level, with rate declines in the Avalon and Labrador regions and increases in the occupancy rates for the remaining regions. The average room price per night was $139, an increase of 3.2% compared to the previous year.

Meetings/Conventions

The St. John's Convention Centre re-opened its doors in May 2016 after closing for construction in late 2014. With double its previous capacity, the expanded convention centre provides 47,000 square feet of divisible meeting space. The re-opening of the newly renovated St. John's Convention Centre was an important boost for the major meetings and convention market last year. In 2016, the number of room nights sold in the St. John's area (for large events booking 50 or more rooms per night) increased by 9% to 33,269. The number of events rose from 82 in 2015 to 105 in 2016 and the number of delegates increased from about 21,200 to 24,900.

Promotion

The Province has promoted tourism and engaged travellers through many forums including award-winning marketing campaigns and advanced technologies. In January 2016, the Province unveiled the new Itinerary Planner, which provides travellers with a customizable approach to building a personalized itinerary of activities, attractions and destinations. These itineraries are shareable on social media sites and can be linked to tourism businesses, creating greater exposure and a potential for more bookings/sales. In 2016, visitation to the Province's online sites (including the planner) and various campaign pages reached 3.1 million sessions, an increase of 17% over 2015. This represents an increased level of interest in the province as a travel destination.

Newfoundland and Labrador also actively engages with visitors and potential visitors through its social media postings, which were well received during 2016. While Facebook is the primary channel of social communications for the Province, traveller engagements also include other social media channels such as Twitter, YouTube and Instagram.

2017 OUTLOOK

- Non-resident pleasure travel to the province should continue to benefit from a low Canadian dollar, which acts as an incentive for American tourists and also makes vacationing within Canada more attractive for Canadians.
- As of March 2017, the provincial cruise association was expecting a record breaking season with 120 tentative port calls by 30 vessels.
- While the current pace of bookings for meetings and conventions in the St. John's area is slightly behind the 2016 level, the expectation is that activity should be about the same as last year.
- Inbound air seat capacity is expected to decline slightly but remain at historically high levels. Based on current airline schedule filings, inbound seat capacity is expected to decrease 3%, as the termination of several U.S. services will offset expected increases in domestic and other international services.
- The winter tourism season benefitted from the Canadian Men's national curling championship in St. John's which took place in early March. Furthermore, the Province launched a winter resident tourism campaign in January designed to generate resident travel over the winter months by promoting snowmobiling, skiing and other outdoor winter activities.
- As part of Canada's 150th Anniversary celebration in 2017, Parks Canada has introduced a free pass which allows unlimited opportunities to enjoy National Parks, National Historic Sites and National Marine Conservation Areas. Demand has been high for the pass.

Artist rendition Hilton Garden Inn, St. John's. Courtesy: Manga Hotels

Inventory of Major Capital Projects

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at $1 million or more. The list includes both public and private projects that are either continuing or beginning in the current year.[5] In many cases, the capital spending figure quoted includes spending from previous years. The inventory was prepared between January and March 2017.

According to this year's inventory, over $35 billion in major capital spending is planned or underway in the province. The Mining, Oil and Gas category tops the list at $16.7 billion (see table). The Hebron oil project is the single largest item in the category with a total estimated cost of $14.0 billion. Utilities is the second largest category in the listing (the estimated $9.5 billion Muskrat Falls

Major Projects ($Millions)	
Mining and Oil & Gas	16,662.5
Utilities	9,858.4
Industrial/Manufacturing	4,325.3
Municipal Infrastructure	1,315.1
Transportation	1,033.8
Residential	937.5
Education	469.0
Commercial	298.9
Other Investment	273.1
Agriculture/Fishery/Forestry	245.0
Tourism/Culture/Recreation	197.8
Health Care/Personal Care	107.0
Total	**35,723.4**

Note: Some projects contain ranges for their capital cost. In these cases, the mid-point of the range was used in the summations above. Capital costs for some projects were not available. As a result, those costs are not reflected in the table above.

[5] Readers will note that in some project descriptions government is identified as a source of funding. This reference, in most cases, is based on information provided by the project's proponent and should not be interpreted as an announcement by government of funding approval. Readers should also note that while every effort has been made to identify projects and research information, this list is not exhaustive. The information was gathered at one point in time and in some cases protecting the requested confidentiality of information has prohibited the publishing of projects. Readers should not base investment or business decisions on the information provided.

Project is the largest project in this category). Industrial/Manufacturing is third in size, mainly reflecting the estimated US$4.25 billion nickel processing facility in Long Harbour.

The listing on the following pages is organized by project type (e.g. Commercial, Health Care/Personal Care, Transportation). Key information, such as project name, capital cost, start date, end date and description, is included. When possible, geographic information is also provided, including community and economic zone. A map of the economic zones can be found at: www.stats.gov.nl.ca.

An asterisk (*) by a project name denotes that the project has a start and end date on a fiscal year basis (e.g. start/end denoted as 2017 refers to the project starting and ending in fiscal year 2017-18; start/end denoted as 2017/2018 refers to the project starting in fiscal year 2017-18 and ending in fiscal year 2018-19). All other years are reported on a calendar year basis.

The inventory of major projects is also available on the Economic and Project Analysis Division's website (www.economics.gov.nl.ca) in a searchable database. The online database includes search capabilities by industry, community and economic zone.

TBD: To be determined NA: Not available

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Agriculture/Fishery/Forestry				
Cranberry Industry Development	9.4	2014/2019	Various	Cranberry Association of Newfoundland & Labrador Inc. - development of an additional 190 acres of new cranberry bog. Farms to be located throughout the island. (Various)
Fish Meal Plant	6.9	2017/2018	13	Barry Group Inc. - construction of a fish meal and oil rendering plant to process salmon by products from the adjacent fish processing plant. (Harbour Breton)
Forest Access Capital Roads Program*	3.3	2017/2018	Various	Construction and maintenance of access roads on Crown land in support of forest harvesting operations. Provincial funds. (Various)
Harbour Development*	31.4	2017/2017	Various	Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of the repair, maintenance and development of active fishing harbours. Federal funds. (Various)
Marine Aquaculture Sites	100.0	2017/2020	Various	Grieg NL Seafarms Ltd. - 11 marine aquaculture sites to be located throughout the northern region of Placentia Bay, spanning from Rushoon to Long Harbour. Part of the Placentia Bay Aquaculture Project. (Various)
Salmon Aquaculture Operation	19.0	2017/2018	13, 9	Northern Harvest Sea Farms Newfoundland Ltd. - marine improvements to salmon farming operations. Includes automated feed barges, expansion to hatchery and general capital expenditures. Partial provincial funding. (Connaigre Peninsula, Stephenville)
Salmon Hatchery	75.0	2017/2019	16	Grieg NL Nurseries Ltd. - construction of a Recirculation Aquaculture System (RAS) hatchery for Atlantic salmon in the Marystown Marine Industrial Park. Will include the construction of a hatchery, a smolt nursery and a smolt landbase. Part of the Placentia Bay Aquaculture Project. (Marystown)

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Commercial				
Car Dealership	NA	2016/2017	8	Steele Auto Group - construction of a new car dealership to be located on Confederation Drive. (Corner Brook)
Car Dealership	NA	2017/2017	8	Brook Construction - construction of a new car dealership to be located on Confederation Drive. (Corner Brook)
Commercial Building	1.4	2017/2017	8	Western Hydraulic Mechanical Ltd. - construction of a new industrial sales/mercantile building. (Corner Brook)
Commercial Development	TBD	2016/2017	19	Pasadena Equipment Services - construction of a 5,500 sq. ft. office building and concrete batch plant on Hops Street in Chamberlains. (Conception Bay South)
Commercial Development	2.5	2017/2018	19	59931 Newfoundland & Labrador Limited - construction of three residential units with commercial space on the ground floor. Located on Harvey Road. (St. John's)
Commercial Property	3.0	2017/2018	19	Baine Johnston Properties Ltd. - development of a commercial property in Conception Bay South. (Conception Bay South)
Food Market	3.0	2017/2017	19	Colemans - remodel of an existing 33,000 sq. ft. space to create a modern food market. (St. John's)
Industrial Park	12.0	2016/2017	19	DewCor - construction of phase I of the "Glencrest Business Centre" consisting of 35 acres of industrial building lots located in the Galway master-planned community. (St. John's)
Mall Food Court	1.0	2017/2017	8	Corner Brook Investments Limited Partnership - new food court located in the Valley Mall. (Corner Brook)
Office Building	20.0	2017/2019	19	55732 Newfoundland & Labrador Inc. - construction of a four-storey, approximately 100,000 sq. ft. office/retail building on Hebron Way. (St. John's)
Office Building	3.0	2017/2017	19	Monarch Development Inc. - construction of a single storey, 6,500 sq. ft. office building to be located on International Place. (St. John's)
Office Buildings	15.0	2014/2017	19	Bristol Development Inc. - construction of two 45,000 sq. ft. office buildings to be located on Kelsey Drive. (St. John's)
Retail Development	143.0	2017/2020	19	DewCor - construction of 700,000 sq. ft. of retail buildings, "The Shoppes at Galway", to be located in the Galway master-planned community. (St. John's)
Retail/Business Park	95.0	2012/2018	19	KMK Capital Inc. - construction of the Field Power Centre, a 50.44-acre retail and industrial development located off Torbay Road. (St. John's)
Education				
Animal Resource Centre*	30.0	2016/2018	19	Memorial University of Newfoundland - replacement of two of Memorial University's animal research care facilities. This will improve biomedical research by providing state-of-the-art facilities supporting co-location of health sciences and biomedical researchers to enhance interdisciplinary collaboration. Total anticipated expenditures of $25.0M for the 2017/18 fiscal year. (St. John's)

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Building Renovation	25.6	2013/2018	19	Memorial University of Newfoundland - renovation of the Battery Facility to increase office space, develop new meeting and conference space as well as develop 87 new graduate student residence rooms. (St. John's)
Campus Maintenance*	2.4	2017/2017	8, 19	Completion of priority repairs to infrastructure at Memorial University campuses. Provincial funds. (Corner Brook, St. John's)
College Modernizations*	2.6	2014/2017	Various	Upgrades to various shops and laboratories at College of the North Atlantic campuses as well as related equipment purchases. Total anticipated expenditures of $500,000 for the 2017/18 fiscal year. Provincial funds. (Various)
College Renewal and Modernization Projects*	6.8	2016/2017	Various	Renewal and modernization of electrical, HVAC and air quality systems at nine College of the North Atlantic campus locations. Total anticipated expenditures of $6.3M for the 2017/18 fiscal year. Joint federal/provincial funds. (Various)
College Training Facility*	18.5	2016/2018	9	Establishment of the Heavy Equipment Centre of Excellence in Teaching, Innovation and Industrial Research - a modern and functional facility for the delivery of Heavy Equipment Industrial Trades programs at the Bay St. George campus of the College of the North Atlantic. Total anticipated expenditures of $17.2M for the 2017/18 fiscal year. Joint federal/provincial funds. (Stephenville)
College Training Facility and Campus Upgrades*	4.3	2016/2018	8	Construction of a new Centre for Energy and Thermal Systems (CETS) at the Corner Brook campus of the College of the North Atlantic. The CETS will improve the quality of education and training spaces dedicated to Power Engineering training. Will also include essential upgrades to the campus, including the building envelope. Total anticipated expenditures of $4.0M for the 2017/18 fiscal year. Joint federal/provincial funds. (Corner Brook)
Core Science Facility*	325.0	2013/2022	19	Memorial University of Newfoundland - construction of the new Core Science Facility at the St. John's Campus. Total anticipated expenditures of $54.9M for the 2017/18 fiscal year. (St. John's)
School Construction and Renovations*	53.8	2017/2017	Various	Various activities including new school construction, renovations, extensions and major maintenance projects. Provincial funds. (Various)
Health Care/Personal Care				
Electrical Substation*	16.8	2013/2019	19	Construction of a new electrical substation at the Health Sciences Centre/Memorial University site. Provincial funds. (St. John's)
Health Care Facilities*	43.0	2017/2017	Various	Expenditures for renovations and upgrades to existing health facilities. Includes $20.0 million for equipment purchases. Provincial funds. (Various)
Health Centre	NA	2016/2017	8	Construction of a multi-use health centre. Will house physicians and allied health professionals. (Corner Brook)
Health Centre*	18.3	2011/2021	11	Construction of a new health centre to replace the existing Green Bay Health Centre. Provincial funds. (Springdale)

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Hospital*	TBD	2013/TBD	8	Construction of a new acute care regional hospital through a design-build-finance-maintain (DBFM) arrangement with the private sector. Provincial funds. (Corner Brook)
Hospital Redevelopment*	15.4	2014/2020	12	Redevelopment of the endoscopy/cystoscopy suites as well as the laboratory spaces at the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)
Integrated Operating Rooms*	5.0	2014/2021	19	Upgrading of the operating room suites at the Health Sciences Centre and St. Clare's Mercy Hospital. Provincial funds. (St. John's)
Long-Term Care Capacity*	TBD	2016/TBD	TBD	Investment to increase the current long-term care bed capacity in Central Newfoundland. Provincial funds. (Central Newfoundland)
Long-Term Care Home*	TBD	2016/TBD	8	Construction of a new long-term care facility through a design-build-finance-maintain (DBFM) arrangement with the private sector. (Corner Brook)
Medical Device Reprocessing Redevelopment*	5.0	2014/2017	19	Redevelopment of the medical device reprocessing area at the Health Sciences Centre. Provincial funds. (St. John's)
Mental Health Infrastructure*	TBD	2013/TBD	19	Replacement of the existing Waterford Hospital. (St. John's)
Rehabilitation Centre	3.5	2016/2019	19	Teen Challenge Canada Inc. - site development and renovation of existing facilities to meet program needs. Current dining hall will be renovated into a new program centre starting in 2018 to create program space, offices and a small cafeteria. A new 16-bed residence extension, to include bedrooms, bathrooms and lounge areas, will be built adjoining the new program centre. (St. John's)
Industrial/Manufacturing				
Capital Expenditures	45.0	2017/2017	15	NARL Refining, LP - maintenance capital as well as tank and jetty upgrades. (Come By Chance)
Capital Improvements	8.1	2017/2017	8	Corner Brook Pulp and Paper Limited - replacement of penstocks and other projects at Deer Lake Power as part of the sustainability plan. (Deer Lake)
Commercial Development	4.0	2017/2017	19	Bird Construction - construction of new headquarters for Tri-Star Mechanical Ltd. to be located in the Glencrest Business Centre in the Galway master-planned community. (St. John's)
Facility Expansion	1.2	2017/2018	19	Jumping Bean Coffee Inc. - expansion of a coffee roasting facility. Partial federal/provincial funding. (Conception Bay South)
Harvesting and Processing Enhancements	7.0 - 8.0	2017/2017	Various	Ocean Choice International - vessel and plant expenditures. (Various)
Marine Expansion	6.0	2017/2017	17	Harbour Grace Ocean Enterprises Ltd. - addition of a small dry dock as well as wharf reconstruction and expansion. (Harbour Grace)

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Nickel Processing Facility	US$4,250.0	2009/2018	18	Vale Newfoundland and Labrador Limited - construction of the nickel processing facility with an annual capacity of 50,000 tonnes of finished nickel was completed at the end of 2016. Full ramp-up to nameplate capacity is expected to require two years. (Long Harbour)
Paper Mill Expenditures	3.5	2017/2017	8	Corner Brook Pulp and Paper Limited - routine capital expenditures. (Corner Brook)
Mining and Oil & Gas				
Expansion of Tailings Facility	1.9	2016/2017	11	Anaconda Mining Inc. - tailings facility expansion to provide additional storage for another three years of milling operations. (Baie Verte Peninsula)
Hebron Oil Development	14,000.0	2008/2024	Offshore	ExxonMobil Canada Properties and co-venturers - development of the Hebron oil field. The Hebron Project is a joint venture among ExxonMobil Canada Properties, Chevron Canada Limited, Suncor Energy Inc., Statoil Canada Ltd., and Nalcor Energy - Oil and Gas. In addition to the GBS, several topsides components were constructed at multiple locations across the province with final assembly occurring at Bull Arm. Production of oil is expected to begin towards the end of 2017. Expenditures cover capital costs to 2024 when the initial drilling program concludes. Production is expected to continue until 2046. (Offshore)
Mine Expansion	1.1	2016/2018	11	Anaconda Mining Inc. - expansion of the west pit deposit of the Stog'er Tight gold mine at the company's Point Rousse Project. (Baie Verte Peninsula)
Mine Expansion	US$20.0	2016/TBD	11	Rambler Metals and Mining Canada Limited - expansion to increase production from the Ming Mine and improve capacity at the Nugget Pond Mill to reach 1,250 metric tonnes per day. (Baie Verte Peninsula)
Mine Rehabilitation and Closure	NA	2015/2018	12	Teck Duck Pond Operations - rehabilitation and closure of mine. Will include backfilling the boundary deposit and rehabilitation of the full site. (Millertown)
Mine Rehabilitation and Closure	NA	2015/2019	2	Wabush Mines - rehabilitation and closure of the mine starting with vegetation of mine tailings, to be followed by building decommissioning as well as rehabilitation of the overall site. (Wabush)
Mineral Exploration	32.5	2017/2017	Various	Expenditure estimates prepared by the Department of Natural Resources for mineral exploration and deposit appraisal. Regional breakdown: $7.8 million in Labrador and $24.7 million for the Island. (Various)
Oil Related Capital Expenditures - Terra Nova	228.0	2017/2017	Offshore	Suncor Energy Inc. and partners - development and sustaining capital for the Terra Nova oil field. (Offshore)
Open Pit Mine	79.0	2017/2018	2	Iron Ore Company of Canada - development of the Wabush 3 open pit mine. Project was released from environmental assessment in 2015 and will provide flexibility in ore feed and extend the operating life of the operation. (Labrador West)

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Open Pit/ Underground Mine	NA	2016/2018	16	Canada Fluorspar (NL) Inc. - surface and underground development of the AGS vein. Will include a mill facility, construction of a new tailings management facility and infrastructure to support the mine. (St. Lawrence)
Underground Mine	NA	2016/2021	1	Vale Newfoundland and Labrador Limited - underground mine development at Voisey's Bay. Construction activities at the mine site began in 2016 and production of ore from the underground mine is scheduled to commence in 2020. (Voisey's Bay)
White Rose Extension	2,300.0	2013/TBD	Offshore	Husky Energy and its joint venture partners, Suncor and Nalcor, continue to evaluate development options for West White Rose Extension including a wellhead platform or subsea development. The project will be considered for sanction in 2017. (Offshore)
Municipal Infrastructure				
2011 Municipal Capital Works Program*	64.7	2011/2017	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Bridge Upgrade	1.6	2017/2017	19	City of St. John's - upgrades to Leary's Brook Bridge on O'Leary Avenue. Structure will be replaced to provide adequate capacity in addition to other floodproofing measures. Municipal funds. (St. John's)
Culvert Replacement	1.1	2017/2017	19	Town of Paradise - replacement of a culvert located on Topsail Road. Municipal Funds. (Paradise)
Emergency Warming Centre Generator	1.0	2016/2017	2	Town of Labrador City - supply and installation of emergency warming centre generator. Municipal funds. (Labrador City)
Federal Gas Tax Program*	155.3	2014/2018	Various	Funding agreement allocating federal funds to municipalities, cities, Inuit Community Governments and Regional Service Boards in NL for capital infrastructure projects that support national objectives of productivity and economic growth, a clean environment and strong cities and communities. Federal funds. (Various)
Federal/Provincial Water and Waste Water Program *	150.0	2016/2020	Various	This program provides funding for drinking water treatment, water distribution systems, waste water treatment facilities or systems, waste water collection systems, storm water collection systems, waste water treatment and management systems. (Various)
Gabion Wall Replacement	1.2	2017/2017	19	Town of Paradise - replacement of a gabion wall on Topsail Road. Municipal funds. (Paradise)
Intersection Upgrade	1.0	2017/2017	19	City of St. John's - realign the existing Avalon Mall intersection at Kenmount Road with Polina Road. Municipal funds. (St. John's)
Multi-year Municipal Capital Works*	284.7	2011/2018	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Municipal Infrastructure	104.0	2013/2017	19	DewCor - construction of roads, water, sewer, storm-water and utility infrastructure for the Galway master-planned community. (St. John's)

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
New Building Canada Fund - Small Communities Fund / Provincial-Territorial Infrastructure Component *	174.2	2016/2024	Various	The Small Communities Fund provides funding for communities with fewer than 100,000 residents, ensuring that small communities can benefit from significant funding supporting economic prosperity. The Provincial-Territorial Component provides funding for projects that are nationally and regionally significant and are predominantly medium and large scale in nature. (Various)
Public Transit Infrastructure Fund *	6.4	2016/2017	19	The Public Transit Infrastructure Fund (PTIF) will help accelerate short-term municipal investments while supporting the rehabilitation of transit systems and funding studies to support long-term transit plans. (St. John's)
Repairs to Town Hall and Depot	2.0	2016/2018	19	Town of Paradise - repairs to the existing town hall and public works depot. Municipal funds. (Paradise)
Sanitary Sewer Infrastructure Upgrading	2.6	2017/2017	19	Town of Paradise - installation of a sanitary trunk sewer from Archibald Drive to Lanark Drive and McNamara Valley Ridge. Municipal funds. (Paradise)
Solid Waste Management Strategy*	315.0	2007/2025	Various	Program provides funding to support planning and infrastructure associated with the implementation of the Provincial Waste Management Strategy. Funding is sourced from the federal/provincial gas tax agreement and direct provincial funding. (Various)
Storm System Improvements	1.2	2017/2017	19	City of St. John's - replacement of an undersized concrete box culvert and intake structure on Southside Road. Municipal funds. (St. John's)
Street Upgrades	1.0	2017/2017	8	Town of Pasadena - installation of water, wastewater and storm sewer systems, asphalt and sidewalk. (Pasadena)
Transmission Main Replacement	2.1	2017/2017	19	City of St. John's - replacement of an existing 500 mm diameter water transmission main with a new 300 mm diameter water transmission main along Signal Hill Road from Cabot Avenue to Quidi Vidi Road. Municipal funds. (St. John's)
Water Transmission Main Replacement Program	34.0	2013/2017	19	City of St. John's - multi-year replacement program to construct new water transmission mains. (St. John's)
Water Treatment Facility Upgrade	12.0	2017/2019	19	City of St. John's - includes various improvements to the Bay Bulls Big Pond water treatment facility including the installation of a new ultraviolet system. Municipal funds. (St. John's)
Residential				
Affordable Housing Program*	110.2	2003/2019	Various	Newfoundland and Labrador Housing Corporation - the objective of this program is to increase the supply of affordable housing in Newfoundland and Labrador by providing forgivable loans to assist in the creation of new affordable rental housing. Federal/provincial cost-shared on a 50/50 basis. $10.7 million to be spent in 2017/18. (Various)
Apartment Building	4.0	2017/2017	8	GDR Enterprises - construction of a 24-unit apartment building on Wheelers Road. (Corner Brook)
Apartment Buildings	3.5	2016/2017	19	Karwood Contracting Ltd.- development of two apartment buildings for seniors on Municipal Avenue. Project will feature 10 affordable housing units. (Mount Pearl)

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Apartment Renovations	5.6	2017/2017	2, 14, 19	Northview Apartment REIT - capital improvements, renovations and upgrades on various apartment buildings. (Labrador City, Gander, St. John's)
Community Development	20.0	2010/2020	19	Canada Lands Company CLC Limited - redevelopment of the Pleasantville area into a residential community with a mix of housing types, including single-family dwellings, townhomes, apartments and condominiums. Opportunities for some commercial space are also being considered. Expenditure figure covers land development costs only. $2.0 million to be spent in 2017/18. (St. John's)
Community Development	190.0	2016/2021	19	DewCor - construction of phase I of the "Galway Living" residential community containing 500 homes consisting of single family houses, bungalow townhomes, 3-storey executive townhomes, ground-based condominiums, quadraplexes and apartment buildings, to be located in the Galway master-planned community. (St. John's)
Condominium Building	3.5	2013/2018	17	Hawthorne Developments Inc. - construction of "The Hawthorne Condominiums", a 30-unit building to be located on Curtis Lane. (Brigus)
Condominium Development	47.0	2012/2018	19	DewCor - development of "Westfield Condominiums" off Captain Whelan Drive. Will include construction of 60 buildings with four 1,000 sq. ft. units per building. (St. John's)
Condominium Development	14.0	2008/2017	8	Bayview Estates Inc. - construction of a 66-unit development called "Bayview Condominiums". (Corner Brook)
Condominium Development	10.0	2014/2017	19	Roosevelt Properties Ltd. - development of the "Victoria Park Condominiums" on the corner of Hamilton Avenue and Sudbury Street. Located adjacent to historic Victoria Park. (St. John's)
Condominium/ Apartment Development	120.0	2017/2020	19	KMK Capital Inc. - development of "Tiffany Towers", two 16-storey buildings consisting of a total of 240 residential units as well as a three-level underground parking garage. (St. John's)
Housing Development	65.0	2017/2020	19	Cabot Development Corporation Limited - construction of a housing development named "Dyer Estates", located off Stavanger Drive. Approximately 100 homes to be constructed between 2017 and 2020. (St. John's)
Modernization & Improvements*	3.6	2017/2017	Various	Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Provincial funds. (Various)
Provincial Home Repair and Modification Programs*	8.2	2017/2017	Various	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low-income households with home repairs and modifications. Federal/ provincial funds. (Various)
Rental Development	22.0	2016/2018	19	Manga Hotels Group - development of 85 upscale, urban rental units at the site of the former Star of Sea Hall on Henry Street. Will include three levels of parking. (St. John's)
Residential Development	13.0	2017/2018	19	Nolan Hall - construction of "Peninsula Condominium Residences", a 13-unit building on Temperance Street and Battery Road. Will include condominiums and penthouses. (St. John's)

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Residential Development	12.5	2015/2017	19	345-353 Duckworth Street Developments LP - redevelopment of the former Newtel Building on Duckworth Street to be called "Mix" which will consist of 77 residential apartment units as well as retail space. (St. John's)
Residential Development	12.0	2012/2019	19	Wrightland Development Corporation - development of "Mclea Park" off Shaw Street. Will include construction of four townhouses, seven executive building lots, and two units in a converted heritage structure. (St. John's)
Residential Development	3.8	2016/2017	1	Nunatsiavut Government - construction of a specially-designed, energy efficient, six housing unit prototype complex. (Nain)
Residential Development	4.0	2014/2022	8	Sleepy Cove Developments Inc. - development of 55 lots over five phases in "Discovery Ridge", to be located on Corporal Pinksen Drive. Will feature single, semi-detached, town, condominium and apartment style housing. Expenditure figure covers land development costs only. (Corner Brook)
Residential Development	18.0	2013/2019	19	Reardon Construction and Development Ltd. - development of 56 condominium/townhouse style units off Ruby Line. (St. John's)
Residential Development	4.0	2014/2017	19	Cro-at Developments Inc. - development of nine townhouses on Hamilton Avenue. (St. John's)
Residential Subdivision	1.2	2016/2017	19	Weir's Construction Limited - construction of a 23-lot subdivision off Dunns Hill Road, Long Pond. (Conception Bay South)
St. Patrick's Housing Project	4.6	2017/2018	19	City of St. John's - renovation of a former convent facility to 20 affordable housing units. Partial provincial funds. (St. John's)
Subdivision Development	10.0	2015/2030	19	Octagon Development Corporation - land and servicing for the "Picco Ridge" subdivision on St. Thomas Line. (Paradise)
Subdivision Development	45.0	2010/2021	19	ERCO Developments Inc. & New Victorian Homes Inc. - continued development of the "Grand Meadows" subdivision. Approximately 20 houses to be constructed in 2017. (Paradise)
Subdivision Development	1.6	2017/2018	8	52453 Newfoundland and Labrador Limited - land and servicing development for phase three of the "Pratt Street Extension" subdivision. (Corner Brook)
Subdivision Development	8.5	2005/2020	19	Octagon Development Corporation - land and servicing for the "Adam's Pond" subdivision. (Paradise)
Subdivision Development	32.4	2012/2021	19	CASA Holdings - construction of 108 homes in the "Mount Batten Estates" subdivision. Currently in the second of three phases. (Conception Bay South)
Subdivision Development	2.5	2016/2019	19	Hayward Homes Limited - land and servicing development for a 32-lot subdivision to be located in Seal Cove. (Conception Bay South)
Subdivision Development	6.0	2014/2019	8	Outer Limits Limited - land and servicing development for 52 lots in the "Parkway Heights" subdivision on Lewin Parkway. (Corner Brook)

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Subdivision Development	25.0	1997/2019	19	Paradise Properties Limited - land and servicing for the "Elizabeth Park" subdivision. (Paradise)
Subdivision Development	1.0	2017/2017	19	Cadillac Services Limited - roadwork for 72 lots in a semi-detached subdivision to be located off Kenmount Road, west of the existing "Westgate" subdivision. (St. John's)
Subdivision Development	65.0	2013/2019	19	Wrightland Development Corporation - construction of the 113-lot "Sunset Landing" subdivision. To be developed over four phases. (Conception Bay South)
Subdivision Development	8.0	2012/2019	14	Cecon Development Corporation - land and servicing development for the "Eastgate" subdivision located off Cooper Boulevard. (Gander)
Subdivision Development	6.0	2013/2017	19	Signature Homes Inc. - construction of 19 single-family homes at the extension to Stratton Place in Chamberlains. Eight homes to be constructed in 2017. (Conception Bay South)
Subdivision Development	1.5 - 2.0	2016/2018	19	HJR Holdings Ltd. - development expenditures for "Lawrence Pond Estates", a 140-lot subdivision on the Conception Bay Highway. (Conception Bay South)
Subdivision Development	25.0	2009/2021	19	Bristol Development Inc. - development of the "Bristolwood" subdivision off Kenmount Road. Approximately 20 homes will be developed this year at a cost of $4.0 million. (St. John's)
Tourism/Culture/Recreation				
Building Restoration*	22.2	2009/2018	19	Restoration of the Colonial Building and grounds for use as an interpretation centre, featuring the political history of Newfoundland and Labrador. Current work will address the interior structural building systems. Federal/provincial cost-shared. (St. John's)
Cultural Centre*	17.7	2013/2017	1	Nunatsiavut Government - construction of the Illusuak Cultural Centre. Partial federal funds. (Nain)
Harbourfront Development	2.5	2015/2017	15	Bonavista Historic Townscape Foundation Inc. - redevelopment of Campbell Street as part of the town's harbourfront development project. Partial federal/provincial funds. (Bonavista)
Hotel	22.2	2014/2017	19	Northland Properties Corporation - construction of a 200-room Sandman Signature Hotel with convention centre (meeting and banquet rooms), swimming pool, two attached restaurants plus another stand-alone restaurant and parking for approximately 360 vehicles. To be located on Kenmount Road. (St. John's)
Hotel	17.0	2016/2017	19	Bird Construction - construction of a new 4-storey, 175-room Best Western hotel to be located on Jetstream Avenue. (St. John's)
Hotel	35.0	2016/2017	19	Group Germain Hotels - construction of a four-storey, 148-room Alt Hotel on the corner of Water Street and Prescott Street. Will feature 4,000 sq. ft. of meeting space, a 2,500 sq. ft. area for a restaurant and patio, a fitness centre and parking. (St. John's)

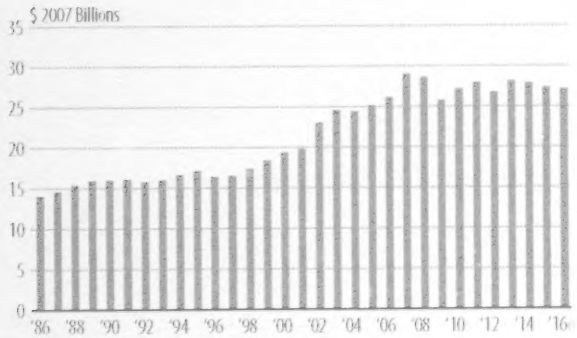
Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Hotel	28.5	2017/2018	19	Manga Hotels Group - construction of a Hilton Garden Inn with 155 guest rooms and 5,000 sq. ft. of conference facilities located at New Gower Street/Springdale Street/ Pleasant Street. (St. John's)
Hotel Upgrades	1.5	2016/2017	19	Quality Hotel Harbourview - partial building envelope refurbishment and replacement of curtain walls. (St. John's)
Library	4.0	2016/2018	19	Town of Conception Bay South - construction of a new library adjacent to the town's recreation complex and administrative building. Located in the Remembrance Square in Long Pond. Municipal funds. (Conception Bay South)
Ministry Facility	5.5	2014/2018	14	Pentecostal Assemblies of Newfoundland and Labrador - construction of a new ministry facility to be located on Magee Road. (Gander)
Park Upgrades	1.8	2017/2017	15	Town of Clarenville - redevelopment and expansion of the Elizabeth Swan Park. Partial provincial/federal funds. (Clarenville)
Recreation Complex	38.5	2013/2017	19	City of St. John's - construction of the Paul Reynolds Community Centre, a new 73,750 sq. ft. facility to replace the existing Wedgewood Park facility. Will include a six-lane lap pool, leisure pool, gymnasium, community rooms, child minding area, seniors' centre and youth centre. Municipal funds. (St. John's)
Trail Upgrade	1.4	2015/2017	12	Newfoundland & Labrador Snowmobile Federation - upgrade trails and bridges for safe, year-round use for snowmobiles and ATVs in Central Newfoundland. Partial federal/provincial funding. (Exploits Region)
Transportation				
Airport Improvements	2.8	2017/2017	14	Gander International Airport Authority - includes apron and taxiway improvements in addition to equipment and vehicle upgrades. (Gander)
Airport Improvements and Expansion	245.0	2011/2023	19	St. John's International Airport Authority - plan includes expansion of terminal building, new access road, expanded vehicle parking, passenger loading facilities, additional apron space, new cargo building and airfield upgrades. Extension to the east end of the terminal building (Phase I) is scheduled for completion in early 2018. Extension to the west end of the building (Phase II) is expected to occur between 2017 and 2021. Also includes the Airfield Accessibility & Safety Initiative, which involved the installation of a $37.3 million Category III Instrument Landing System on the airport's principal runway and a number of associated infrastructure improvements required to support the technology. This project was completed in January 2016. Partial federal/provincial funding for the landing system. (St. John's)
Bridge Replacement*	51.9	2013/2017	18	Replacement of the Sir Ambrose Shea Lift Bridge. Federal and provincial funds. (Placentia)
Bridge Replacement*	22.0	2013/2017	12	Replacement of the Sir Robert Bond Bridge. Federal and provincial funds. (Bishop's Falls)

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Cargo Processing Facility	7.0	2017/2017	19	Cargojet Inc. - construction of a 20,000 sq. ft. cross-dock facility for cargo processing. (St. John's)
Highway Extension*	61.3	2010/2017	19	Construction of the Team Gushue Highway Extension. Federal/provincial cost-shared. (St. John's)
Marine Infrastructure*	7.5	2017/2017	Various	Includes ongoing maintenance of existing wharves and terminals as well as capital investment in new construction and improvements. Provincial funds. (Various)
New Taxiway and Apron Expansion*	19.8	2016/2017	2	Transport Canada - construction of a new taxiway and apron expansion at the Wabush Airport. Federal funds. (Wabush)
Parking Expansion and Access Road Redevelopment*	10.0	2016/2017	2	Transport Canada - parking expansion and redevelopment of access roads at the Wabush Airport. Federal funds. (Wabush)
Provincial Roads Improvement Program*	77.2	2017/2017	Various	Includes secondary road/bridge improvement projects in various parts of the province. Provincial funds. (Various)
Salt Storage Sheds*	1.4	2017/2017	Various	Construction of road salt storage sheds. Provincial funds. (Various)
Trans Labrador Highway Widening and Hard Surfacing*	439.5	2013/2019	3, 4, 5	Widening and hard surfacing of Phase II and III of Trans Labrador Highway between Red Bay and Happy Valley-Goose Bay. Federal/provincial cost-shared. (Various)
Transshipment Terminal Modification	70.0	2015/2017	18	Newfoundland Transshipment Limited - modification of the crude oil transshipment terminal at Whiffen Head, Placentia Bay to accommodate the transshipment of crude oil from offshore oil developments. (Whiffen Head)
Vessel Infrastructure Refit*	4.9	2017/2017	19	Refit of the ferry MV Sound of Islay. Federal and provincial funds. (St. John's)
Vessel Refits*	13.5	2017/2017	Various	Refits of the existing fleet of nine government-owned vessels (excluding the MV Sound of Islay). Provincial funds. (Various)
Utilities				
Dam Rehabilitation	20.0	2016/2018	12	Newfoundland and Labrador Hydro - rehabilitation work to modernise the dam at the hydroelectric plant in Grand Falls-Windsor. Includes reinforcement of the existing concrete structure and the installation of a new inflatable spillway over the dam's crest. (Grand Falls-Windsor)
Electric Utility Capital Expenditures	70.0	2017/2017	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	271.4	2017/2017	Various	Newfoundland and Labrador Hydro - 2017 annual capital program aimed at upgrading the provincial power grid and meeting the growing demand for electricity. Includes 105 projects focused on improving reliability by adding transmission capacity as well as upgrading and replacing aging infrastructure. (Various)
Electric Utility Capital Program	101.0	2017/2017	Various	Newfoundland Power Inc. - includes capital expenditures to refurbish and serve growth on the electricity system. (Various)

Project	Capital Cost ($M)	Start/End	Economic Zone	Comments (Location)
Lower Churchill Project - Phase I (Muskrat Falls)	9,396.0	2012/2019	Various	Nalcor Energy is overseeing the development of the Muskrat Falls Hydroelectric Generation Facility and associated transmission assets in Newfoundland and Labrador between Muskrat Falls and Churchill Falls and Muskrat Falls and Soldiers Pond. The Newfoundland and Labrador portion of the project entails construction of an 824 megawatt hydroelectric generating facility at Muskrat Falls in Labrador and over 1,600 kilometres of associated transmission line and related infrastructure. Emera Inc. of Nova Scotia is building the Maritime Link connecting the island of Newfoundland to Nova Scotia. The capital cost of Emera's Maritime Link is an additional $1.57 billion. (Various)
Other Investment				
Capital Program*	31.5	2017/2022	Various	Royal Canadian Mounted Police - replacement and retrofitting of detachments and living quarters. Provincial/federal cost shared on a 70/30 basis. (Various)
Coast Guard Building	18.2	2017/2019	19	Department of Fisheries and Oceans Canada - construction of new Atlantic Headquarters for the Canadian Coast Guard. Federal funds. (St. John's)
Environmental Remediation and Risk Management*	186.0	2004/2020	3	Department of National Defence - environmental remediation and risk management activities to be carried out through 10 sub-projects at 5 Wing Goose Bay. Projected expenditure of $32.0 million for the 2017/18 fiscal year. (Happy Valley-Goose Bay)
Helicopter Simulation Centre	15.4	2014/2019	19	CAE Inc. - construction of a new helicopter training and research and development centre to be located on Topsail Road. (St. John's)
Marine Base Expansion	15.0	2016/2017	19	Fisheries and Marine Institute, Memorial University of Newfoundland - expansion of the current Marine Institute facilities on the western shoreline of South Arm, Holyrood Bay. Expansion will include the construction of a timber crib marginal wharf, timber breakwater, timber finger pier and the rehabilitation of the existing T-shaped wharf. Partial federal funding. (Holyrood)
Public Buildings*	7.0	2017/2017	Various	Maintenance and development of public buildings. Provincial funds. (Various)

Statistical Indicators

Real Gross Domestic Product



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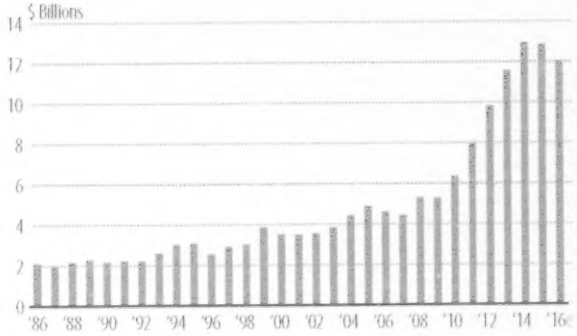
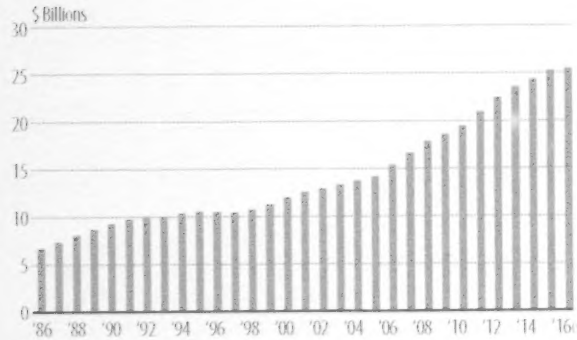
Source: Statistics Canada; Department of Finance

Capital Investment



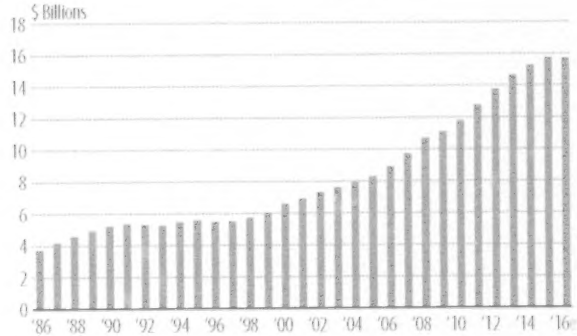
e: estimate
Source: Statistics Canada; Department of Finance

Household Income



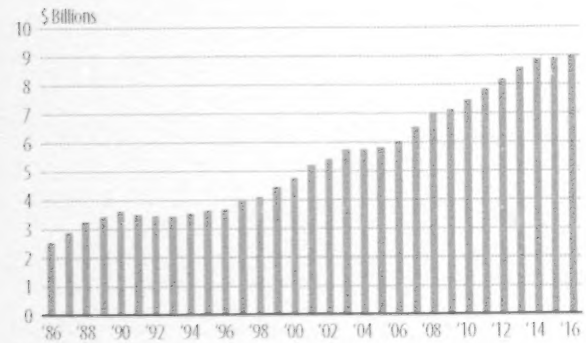
e: estimate
Source: Statistics Canada; Department of Finance

Compensation of Employees



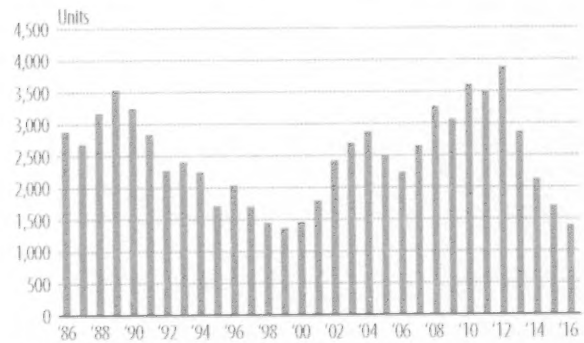
e: estimate
Source: Statistics Canada; Department of Finance

Retail Sales



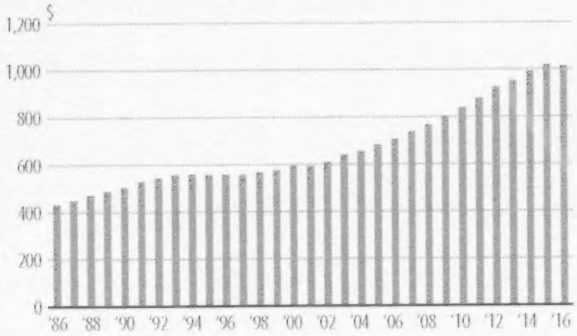
Source: Statistics Canada

Housing Starts



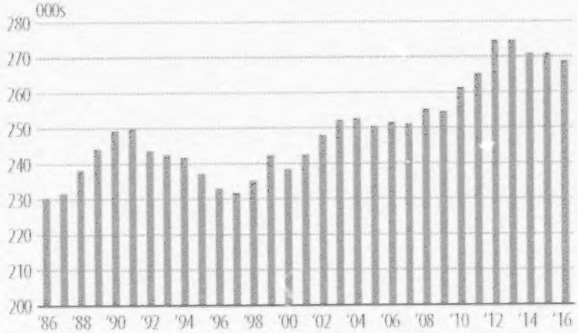
Source: Canada Mortgage and Housing Corporation

Average Weekly Earnings



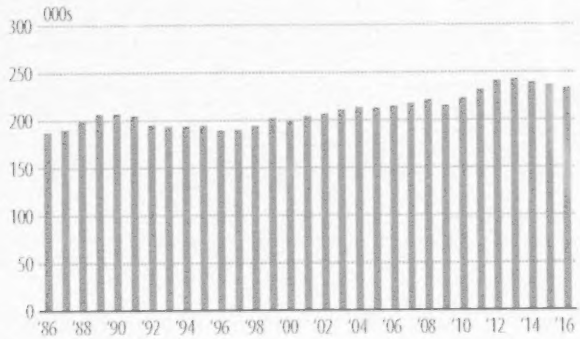
Source: Statistics Canada

Labour Force



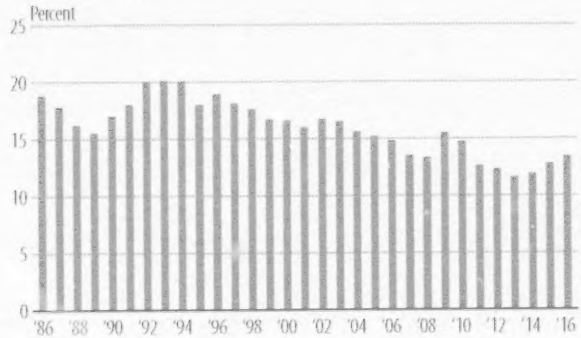
Source: Statistics Canada

Employment



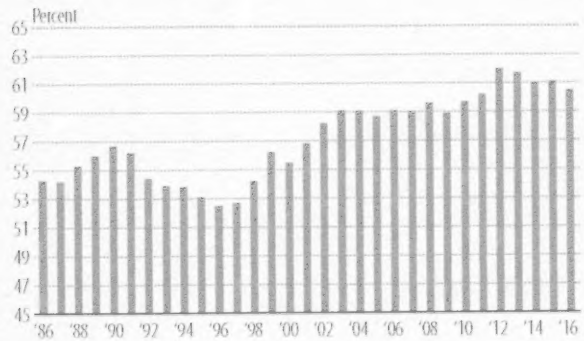
Source: Statistics Canada

Unemployment Rate



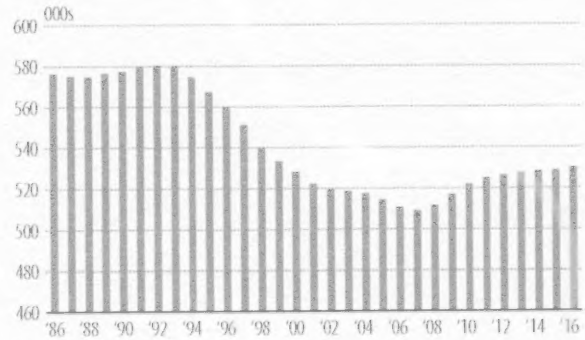
Source: Statistics Canada

Participation Rate



Source: Statistics Canada

Population



Source: Statistics Canada